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GEORGIA

Two new players take centre stage

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World News

Russia erects trade barriers against republics

The deepening crisis in the former Soviet states is forcing up trade barriers and triggering strikes by workers and resignations by officials. Russia is banning the export of some 60 commodities to those republics that have in the past erected trade barriers against Russian goods, principally Ukraine. Page 14

Nuclear proliferation
Richard Cheney, US defence secretary, said prospects of nuclear proliferation had "significantly increased" as a result of the break-up of the Soviet Union. Page 2

UN man for Cambodia
A Japanese official will head the UN operation in Cambodia, the biggest of its kind yet mounted. Yasushi Akashi, a US-educated former diplomat, will be in charge of a budget of some $1.5bn.

EC helicopter inquiry
The Yugoslav army blamed poor co-ordination and mistakes in air traffic control for the shooting down of a European Community helicopter in which five EC monitors died. Page 2

Ripa di Meana warns UK
Britain and other EC members may be taken to the European Court for failure to carry out environmental impact studies on big construction projects, Carlo Ripa di Meana, EC environment commissioner, warned. Page 2

Democrat leaves race
Governor Douglas Wilder of Virginia has bowed out of the race for the US Democratic party's presidential nomination. Page 4

Mexico acts on smog
Mexico has set up a commission to co-ordinate Mexico City's fight against air pollution. Page 4

SA pop tour protest
Radical black South African group, the Azanian Youth Organisation, repeated its threat of violent protest against a tour by US singer Paul Simon, two days after a hand-grenade attack on the concert organisers' offices.

US jury awards $5bn
A Kansas City jury has awarded $5bn to the family of a serial-killer victim, the largest such award ever made.

Le Pen loses libel case
Jean-Marie Le Pen, leader of France's extreme right and opponent of French involvement in the Gulf war, lost a libel suit against a political satirist who said Le Pen would belly-dance in front of President Saddam Hussein.

FIS protests in Algiers
Several hundred Islamic Salvation Front supporters marched through central Algiers, despite a ban on demonstrations during election campaigning. Page 5

Running out of options
Hassiba Boulmerka, the world 1,500 metres champion, is considering leaving her native Algeria after being denounced by the Islamic Salvation Front "for running with naked legs in front of thousands of men".

Business Summary

Airbus crisis could put new airliner under threat

Airbus Industrie, European aircraft-making consortium, is facing a crisis because of severe financial and mangement difficulties among its three main partners which are jeopardising the development of the new A319 airliner.

Although Airbus trebled its operating profits to a record $300m last year, managing director Jean Pierson said the consortium risked being destabilised by difficulties at Aérospatiale of France, Deutsche Aerospace and British Aerospace. Page 14

EUROPEAN Commission appeared to be on a collision course with the UK government over ministers' plans to set up an enterprise zone in north Lanarkshire, Scotland, to cushion the effects of the closure of the Ravenscraig steelworks later this year. Page 14; Blow to Clyde port, Page 6.

US and JAPANESE motor industries still face a potential rift in spite of promises by Japanese manufacturers to increase purchases of US parts and to market in Japan more vehicles made by General Motors, Ford and Chrysler. Page 4; Lex, Page 14; Chrysler aims to be a star, Page 15

STERLING: Pressure on the Bank of England to help the pound intensified after the currency closed for the first time in London below its effective floor in the European exchange rate mechanism, closing at DM2.83. Page 14

KLM Royal Dutch Airlines and British Airways came a step closer to merger as the Dutch carrier said a solution to the issue of landing rights had "probably been found". Page 15; Lex, Page 14

GERMAN Institute for Economic Research president Lutz Hoffmann warned that a strangling of Germany's economic growth by high interest rates could cause an expected economic upswing in east Germany to collapse. Page 2

MCC: The illicit operation by the late Robert Maxwell to support Maxwell Communication Corporation shares may have begun as early as October 1990. Page 15

GERMAN Bundesbahn state rail network signed a document of intent to buy 114 Spanish Talgo railway wagons for $80m, the first export order won by Spain for this equipment.
Page 8

ISOSCELES, highly-geared UK management buy-out vehicle for the Gateway food stores, outlined a retailing strategy aimed at moving the group towards reflotation, as it lifted pre-tax profits for the half-year ended November 9 to £17m against a previous £700,000. Page 19

EUROPEAN TOP 500

● With next Monday's FT: a 32-page review of the top 500 companies by market capitalisation and turnover

Struggle for control of Black Sea Fleet intensifies

By John Lloyd in Moscow

THE STRUGGLE for control of the Black Sea Fleet yesterday assumed the proportions of an inter-state crisis as Russian politicians demanded that territory be seized from Ukraine if it took over the nuclear-armed navy.

Mr Boris Yeltsin, the Russian president, told workers at an aerospace plant in Ulyanovsk, in the Urals: "No one, not even [Mr Leonid] Kravchuk will take the Black Sea Fleet away from Russia ... [it] was, is and will be Russia's."

Mr Kravchuk, the Ukrainian president, told Ukrainian officers that Russia was "testing our resilience" over the naval dispute. On Wednesday, he declared that the fleet would be taken over by Ukraine from July.

Claiming he was not in breach of accords signed in Minsk last week, he said: "As an independent state Ukraine has the right to have its own armed forces."

Russian politicians of various hues yesterday joined an increasingly bitter war of words against Ukraine. Mr Sergei Baburin, leader of the hardline Russia faction in the Russian parliament, called on Mr Yeltsin to abrogate the 1954 decision which ceded the formerly Russian region of Crimea – in which Sebastopol, the fleet's headquarters, is located – to the Ukraine, and to allow "any region outside of the Russian Federation to enter Russia as independent subjects".

The leadership of the centrist Democratic Party of Russia said in a telegram to Black Sea Fleet personnel that the takeover of the fleet by Ukraine "could result in tragic consequences for the people of the Commonwealth".

Although Mr Yeltsin said that "we cannot quarrel with Ukraine" because of the presence of 11m ethnic Russians in that republic, he is under growing pressure to confront Mr Kravchuk on this issue.

A meeting of naval shipyard workers in Sebastopol has called to be taken under Russia's protection if Ukraine continues to demand control. A meeting of naval officers in the town demanded that the fleet remain under control of the Commonwealth of Independent States.

Mr Yeltsin has instructed Admiral Vladimir Chernavin, the head of the Soviet navy, to

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Nuclear fear, Page 2

Some US businessmen are sceptical about the substance of the agreements

Bush hails Japan trade mission as a success

By Stefan Wagstyl in Tokyo

MR GEORGE BUSH, shrugging off his collapse at a Tokyo banquet on Wednesday night, yesterday announced a series of bilateral economic and trade agreements between the world's two most powerful economies.

The US president, whose popularity at home has been falling steadily, sought to portray his trade mission to Japan as a success. "I think we have created jobs", the president said, declaring that his message had "been received".

Mr Bush and Mr Kiichi Miyazawa, Japan's prime minister, yesterday also pledged co-operation in a Tokyo Declaration, a statement intended to symbolise a strengthening of their relationship.

In the declaration and an accompanying action plan, the leaders acknowledged that Japan and the US, as the two largest market-oriented economies and democracies in the world, had a special responsibility for shaping the new post-Cold War era. They reaffirmed their bilateral security alliance and pledged to work together on global issues, including the reconstruction of the former Soviet Union.

They also promised to co-operate in achieving a successful conclusion to the Uruguay Round trade talks and welcomed the recent paper published by Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade, which laid out the outlines of a possible agreement on trade liberalisation.

Mr Bush, who ends his trip to Japan today, pronounced himself well on the road to recovery from the stomach 'flu, which he blamed for his collapse. He came close to making official his candidacy for the Republican nomination for this year's US presidential election. "I think I'm going to win", he said.

However, the friendly words between the two leaders could not disguise the fact that the bilateral trade agreements which accompanied the declaration contained little substance. While the president claimed success, some of the US businessmen accompanying him were sceptical.

The bilateral economic agreements were the subject of tense negotiations, completed only a few hours before the declaration was published. Japan promised to improve access for foreign companies to markets including glass, paper, legal services and computers, as well as cars and car parts – the main sticking point.

The US secured a promise from Japanese motor groups to increase their planned purchases of US-made components from about $7bn in the 1990 financial year to about $15bn in 1994.

This includes both imports and parts supplied to Japanese factories in the US. Japanese companies also promised to import more US-made cars – although the total will only be around 40,000-50,000 and the great bulk will be Japanese-brand vehicles made in the US.

Mr Bush described the agreements as "a significant but interim step" and pledged to accomplish more in the future "using all available measures".

US motor industry leaders who accompanied Mr Bush refrained from criticising the president. But Mr Harold Poling, chairman of Ford Motor, said the proposals by the Japanese car makers were inadequate.

However, Japanese car company chiefs said the published documents represented the most they could currently do to help the US industry. They resent being bullied by the US and their own government.

Mr Bush and Mr Miyazawa yesterday also confirmed their promise, made in a separate declaration on Wednesday, to promote world economic growth and seek to persuade other industrialised countries to do the same.

Thumbs up: a confident George Bush yesterday predicted he would be re-elected

President dismisses fears over his health

By Lionel Barber, US Editor, in Washington

PRESIDENT George Bush yesterday dismissed fears about his health and predicted that he would be re-elected this year.

At the end of an Asian tour overshadowed by his collapse at a state banquet in Tokyo on Wednesday, Mr Bush laid the blame on a severe bout of gastric flu and pronounced himself on the road to recovery.

Still looking queasy, he appeared at a joint news conference with Mr Kiichi Miyazawa, the Japanese prime minister. Mr Bush sought to dispel fears that ill-health might force him to withdraw from the election campaign, and came close to making his candidacy for the Republican nomination official.

Brushing aside his recent slump in the opinion polls, he expressed confidence that the *US economy would recover.*

"I believe I've been a good president . . . and I think we have a strong case to take to the American people. I believe I'm going to win," he said.

Mr Bush, 67, was hospitalised last year after suffering an irregular heartbeat diagnosed later as a thyroid complaint. But he warned Democrat opponents not to try to make his age or health an issue in the forthcoming campaign, predicting that such a tactic would backfire.

After the shock of watching televised pictures of Mr Bush lying stricken on the floor in Tokyo, most Americans appeared to have been reassured by the president's rapid reappearance in public after resting overnight. Hav-

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France unveils job schemes as unemployment nears 3m

By William Dawkins and Ian Davidson in Paris

FRANCE'S embattled Socialist government yesterday launched a package of job-creating measures in the hope of stemming the rising tide of unemployment before it reaches the politically damaging level of 3m.

Unemployment has risen steadily since 1990 to a record 2.8m, or 9.8 per cent of the workforce. It has become the leading issue in the run-up to the regional poll in March and general elections next year.

The measures are aimed at long-term unemployed – mainly the young and the over 50s – who represent nearly a third of the total. They will offer 18-month subsidised training schemes for young people who have been out of work for more than six months and who do not have qualifications to get apprenticeships.

The government will also extend the scope of an existing scheme under which companies get temporary relief from social security charges for taking on long-term unemployed.

A poor growth outlook for the French economy this year – though no worse than that in many other European countries – adds to the pressure on the government to be seen to be taking action. The measures take effect from the end of next month.

This is the third round of job-creation proposals announced by the government since Mrs Edith Cresson became prime minister last May and many people assume they will have little impact. Unions and employers yesterday gave a cool reception.

Mr Marc Blondel, general secretary of the Fource Ouvrière union, said the plans were "muddle headed". He added: "You can sense behind all this the spectre of 3m unemployed. Everything will be done to avoid that figure being reached."

Keen to avoid raising unrealistic hopes, the Labour Ministry stressed there would be "no miracle". Government officials estimate the plan will cost "several billion francs".

Rising unemployment has been a factor in the government's declining popularity, with Mrs Cresson currently getting the lowest opinion poll scores of any French prime minister in the 33 years of the Fifth Republic.

However, both she and President François Mitterrand are resisting pressure for a government reshuffle. Mrs Cresson said yesterday: "I was appointed to be daring and vigorous ... you have to be impervious to criticism."

Mr Pierre Bérégovoy, the finance minister, is at the same time holding firm to his policy of budgetary and monetary rigour. He wrote to the Figaro newspaper this week: "As long as I am minister of finance, there will be neither a devaluation of the franc nor a return to inflation."

Weekend FT

Tomorrow: London's property crash, how 1980s heroes, like Godfrey Bradman (right), fell to earth

●

Has the Champagne bubble burst?

CONTENTS

European Commission remains unmoved by Dunkel's doctrine

The director-general of Gatt, Arthur Dunkel (left), is not a popular man in Brussels. The majority view within the European Commission is that his doctrinaire attitude towards *liberalising farm trade* is putting a new world trade order beyond reach
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MARKETS

STERLING
New York lunchtime:
$1.8115
London:
$1.8285 (1.872)
DM2.83 (2.835)
FFr9.655 (9.6875)
SFr2.5275 (2.53)
Y229.5 (233.75)
£ index 91.0 (91.4)

GOLD
New York Comex Feb
$357.5 (351.5)
London:
$353.75 (350.3)

N SEA OIL (Argus)
Brent 15-day
$17 (17.05)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.5645
FFr5.3245
SFr1.3935
Y126.2
London:
DM1.5475 (1.515)
FFr5.28 (5.175)
SFr1.3825 (1.351)
Y125.45 (124.85)
$ index 61.1 (60.5)
Tokyo close: Y124.65

US LUNCHTIME RATES
Fed Funds: $4\frac{3}{16}$%
3-mo Treasury Bills:
3.828%
Long Bond:
$106\frac{7}{8}$
yield: 7.418%

STOCK INDICES
FT-SE 100:
2,497.9 (+30.8)
FT-A All-Share:
1,191.18 (+1.1%)
FT-SE Eurotrack 100:
1,100.02 (+19.81)
New York lunchtime:
DJ Ind. Av.
3208.63 (+4.69)
S&P Comp
417.59 (−0.51)
Tokyo: Nikkei
23,113.64 (+398.64)

LONDON MONEY
3-month interbank:
$10\frac{5}{8}$% ($10\frac{3}{4}$%)
Liffe long gilt future:
Mar $97\frac{3}{8}$ (Mar $97\frac{7}{16}$)

Yugoslav peace prospects revived during EC talks

By David Gardner in Brussels and Judy Dempsey in Sarajevo

PROSPECTS for a negotiated solution to the civil war in Yugoslavia *flickered back to* life last night as Mr Slobodan Milosevic, president of Serbia, said a European Community blueprint to provide self-government and minority rights guarantees for Serbs in Croatia were "adequate".

Though the Serbian leader raised hopes of a breakthrough by expressing similar sentiments on this crux of the conflict last October 4, a senior EC diplomat last night expressed hope that "this time the movement looks more solid".

Mr Milosevic was told by the EC that "he has to move now or risk total isolation", an EC diplomat said. After Tuesday's killing of five EC monitors, when their unarmed helicopter was shot down by a Yugoslav air force jet over Croatia, Serbia would "have nowhere to turn unless it comes to terms", he added.

The Yugoslav army yesterday blamed poor co-ordination and mistakes in air traffic control for the shooting down of the helicopter. But the interim report, delivered to the EC monitoring mission in Zagreb, did not explain why the Yugoslav pilot shot down the EC helicopter and forced another to crash land.

Four of the five dead were Italians who were buried with full honours yesterday after a service in which Pope John Paul lamented the "agonising tragedy" of Yugoslavia's war.

Polityka, a pro-Serbian daily paper with close ties to the military, carried the army's explanation, saying the EC helicopters had been in closed air space, and federal military authorities had not been told of their incoming flight from Hungary. The Hungarian authorities had informed the air control centre in Zagreb of the flight, but the MiG pilot had been in contact only with air control in Belgrade.

Yesterday's movement on the diplomatic front came at the EC-sponsored peace conference, which reconvened in Brussels after a two-month suspension due to Serbian intransigence and the escalation of bloodshed in Croatia.

The conference was attended by Mr Herbert Okun, a senior aide to Mr Cyrus Vance, the United Nations special representative, emphasising to the presidents of the six Yugoslav republics that the EC peace process and UN efforts to send a 10,000-strong peacekeeping force to Croatia formed part of a single strategy.

Lord Carrington, the former UK foreign secretary who chairs the conference, stressed that the seven-day-old ceasefire and the UN decision to send a 50-strong advance guard to Yugoslavia, plus the prospect of the EC recognising those republics, including Slovenia and Croatia, which fulfilled a list of democratic conditions, had transformed the background to the talks.

"For the first time it really does look as though the ceasefire will hold," Lord Carrington said, but he cautioned that "it would be an exaggeration to say the way is entirely clear" for a political settlement.

Mr Milosevic, who left the Brussels conference after a visibly cordial discussion with President Franjo Tudjman of Croatia in the courtyard of the Egmont Palace in Brussels, insisted Serbia would demand the right to remain at the heart of a reduced Yugoslavia.

"Nobody can abolish Yugoslavia from the outside," the Serbian leader said.

Lord Carrington stressed that "Mr Milosevic has made clear that if <EC proposals on self-government and minority rights> are accepted, as far he was concerned this was adequate protection for the Serbs in Croatia."

He praised Mr Milosevic for the "very stern steps" he had taken to condemn Mr Milan Babic, leader of Serbian irregulars in the Krajina enclave of south-west Croatia, who has threatened to resist the entry of UN forces into his self-proclaimed autonomous republic.

UK likely to face court over big projects

By John Hunt, *Environment* Correspondent

IT IS likely that Britain and other EC members will be taken before the European Court for failure to carry out environmental impact assessments on large construction projects, Mr Carlo Ripa di Meana, EC environment commissioner, warned last night.

"It seems to me likely that it *will fall to* be resolved *by* the European Court of Justice at the end of the day," he said.

He said the European Commission was proposing to extend the use of such assessments to cover proposals and policies put forward by EC governments.

An announcement on the new proposals extending the principle to governments will be made in two weeks time, he said. At present the directive on impact assessments applies only to large individual projects.

"It is now clear that this is not enough," he said. "It is essential that policies, plans and programmes are also subjected to environmental impact assessment."

He envisaged that this would also apply to EC policy at a later date.

He renewed his strong criticism of the British government for pressing ahead with large schemes which he had asked to be suspended because environmental assessments had not been properly made.

The reaction of the British government and some parts of the British media "have left a bitter taste in my mouth", he said. "There has been absolutely no victimisation of the *United Kingdom*, no singling out to the exclusion of other member states."

UK schemes include the Channel tunnel rail link, East London river crossing and M3 extension near Winchester.

Britain and other EC states have argued that projects in the pipeline when the directive came into force in July 1988 should be exempted. But the commission rejected this. He said the commission had opened proceedings for breach of the directive against 10 governments, including Britain, and proceedings would soon start against an 11th.

Cheney fears nuclear technology will spread

By David White in London and Frances Williams in Geneva

MR RICHARD CHENEY, US defence secretary, warned yesterday that it might be impossible to prevent new nuclear-armed states emerging as a result of the break-up of the Soviet Union.

Speaking before talks with Mr Tom King, his UK counterpart, Mr Cheney said prospects for nuclear proliferation had "significantly increased". Referring to the possibility that former Soviet nuclear scientists might help other countries develop weapons, he said: "I'm not certain that we can successfully stop those kinds of transfer."

The US and its allies had to take account of this in planning for military contingencies. Developing defences against ballistic missiles was "more important than ever".

Mr Cheney arrived in London yesterday and is due inGermany today.

Russia, meanwhile, sought to reassure the west about the danger of chemical weapons proliferation. For some in Nato this an even greater source of concern than nuclear weapons in the short-term, because of the comparative ease with which *chemical arms* can be used and the possibilities for clandestine storage.

Mr Sergei Batsanov, formerly Soviet and now Russian ambassador to the United Nations Disarmament Conference in Geneva, said the former Soviet Union's chemical weapon stocks and production facilities had for some time been located exclusively on Russian territory.

Russia had sole responsibility for their control and eventual destruction, he said. But it currently had no facility nor approved plan for destroying them. Destruction was supposed to start this year under the terms of a 1990 US-Soviet accord – the Soviet obligations *have been inherited by Russia*. But both sides acknowledge this is now impossible and that the accord will need renegotiation.

The bilateral deal requires cuts in stockpiles to 5,000 tons on each side, pending the coming into force of an international treaty outlawing chemical weapons completely.

This is being negotiated by the UN Disarmament Conference and would oblige signatories to eliminate all stockpiles within 10 years. The US claims to have some 30,000 tons of chemical arms, Russia 40,000.

The US last year offered financial and technical assistance to Moscow for chemical weapons destruction, but Mr Batsanov said his government would have to define clearly the exact areas where assistance was needed before this offer could be taken up.

● Britain's foreign secretary, Mr Douglas Hurd, will visit three of the new Commonwealth of Independent States next week for talks on human rights, the former Soviet Union's international treaties, and control of nuclear weapons, Reuter reports from London.

He will leave on Wednesday for a three-day visit to India before flying on to Kazakhstan, Ukraine and Russia for three days of talks, the Foreign Office said yesterday.

"The visit is a concrete demonstration of our intention now to develop bilateral relations with Kazakhstan and the Ukraine and further strengthen links with the Russian leadership," it said.

Ousted President Gamsakhurdia ventures out of his heavily guarded house in Armenia yesterday

Two players take the stage after Georgia's one-man band bows out

Neil Buckley identifies the new centres of power in Tbilisi

THE fighting may have stopped, but those who hoped President Zviad Gamsakhurdia's flight from Georgia on Monday would end the republic's problems have been disappointed.

Recent demonstrations in the capital, Tbilisi, have shown that support for the president remains, and with the new military council resorting to force to disperse them twice in the past week, it is clear that Georgia faces an uphill struggle to re-establish democracy.

The military-political situation is, in true Georgian fashion, colourful, complex and possibly dangerous. The republic is in effect being run by two people: the leaders of the military council. Both are supported by their own armed groups.

Mr Tengiz Kitovani, 52, a classmate of Mr Gamsakhurdia and previously a close friend, is a former sculptor and dissident. He later became chairman of the state defence committee in Mr Gamsakhurdia's government and created the Georgian national guard last year. He commands remnants *of that guard who refused to* obey Mr Gamsakhurdia's order to disarm during last August's attempted coup in Moscow.

Mr Jaba Iosseliani, 65, was a member of a Georgian partisan movement in his youth, and later a professor of dramatic art. Three years ago he founded the Mkhedrioni, or Knights of Georgia, a shadowy group claiming to defend human rights and ethnic minorities. The Mkhedrioni are believed to have provided the masked gunmen who twice fired into crowds of Gamsakhurdia supporters in Tbilisi.

This violence has damaged the reputation of the military council, as has continued speculation about the two leaders' criminal records. Mr Iosseliani and Mr Kitovani claim these contain only political charges in disguise. But it is believed

There are two more armed groups, both *commanded by* former deputy defence ministers.

The four militias have been united by their defeat of Mr Gamsakhurdia, and the military council hopes to merge them into a new Georgian national guard. Whether that can be achieved, given a history of mutual suspicion and conflict, remains to be seen.

In civilian politics, the most important figure is Mr Tengiz Sigua, a former engineer who was Mr Gamsakhurdia's prime minister until resigning last August. He has been named caretaker prime minister by the military council and has appointed a provisional government of 10 ministers.

The military council leaders have promised to hand over power to Mr Sigua's government once stability has been achieved, and play no further part in political life. They have not said how long that process might take.

Contradictory statements by Mr Sigua and the council, and his insistence on holding separate press conferences, have led to speculation about friction between them.

Certainly, the two sides envisage different routes towards new parliamentary elections.

Mr Sigua has called for the old parliament to be reconvened by January 15 to prepare for new elections. Mr Iosseliani has declared that parliament dead, and talks of a transitional political forum containing invited representatives of all parties.

This would include the two groups that Mr Gamsakhurdia represented but would probably be less supportive of the ousted president than a reconvened parliament.

There are two jokers in the pack. One is Mr Eduard Shevardnadze, former first secretary of the Georgian Communist party and then Soviet foreign minister. Both the military council and opposition deputies have said he could be of great assistance to Georgia, but they are unsure how he would be greeted by the people. Mr Shevardnadze is detested by Gamsakhurdia supporters as an "agent of Moscow".

The other is Mr Jorge Bagration, descendant of the Georgian royal family that ruled until 1807, who has been trying to contact the opposition leaders after they spoke of a possible constitutional monarchy. It is not clear, however, how Georgians might react to the idea of a Spanish-born racing driver as king.

Russia's new economy chief sees western aid as crucial

By Leyla Boulton in Moscow

THE Russian government may not survive unless it gets rapid help from the west in pushing through bold market reforms, according to Mr Peter Aven, Russia's new foreign economic *relations minister*.

Mr Aven warned yesterday that unless Russia obtained further debt relief, the west could soon be dealing with a communist regime again, but a much tougher one.

He said that even after the deferral of principal payments on medium- and long-term loans finalised with the Paris Club last week, Russia and the republics have to pay $9bn to *creditors this year*.

None of the other republics have so far honoured a pledge to share responsibility for foreign debt obligations.

Mr Aven said Russia wanted a $4-$5bn stabilisation fund to make the rouble convertible at a pegged exchange rate this year. It was also seeking balance of payments loans, more direct food aid credits, and a lifting of western trade barriers – *for instance to sell ura*nium on the US market.

The 36-year-old economist displayed all the cheering characteristics of Russia's first post-communist government: youth, intelligence, ability, and *self-confidence*.

He said, however, that many westerners were still nostalgic for "the older friendlier government bureaucrats" who were swept from office with the collapse of the union. Another problem was westerners' lack of knowledge about the severity of Russia's economic crisis, partly because "we have a great tradition of lying to the west about how great this country *is*, and about how many tanks and gold we have".

Mr Aven hoped the stabilisation fund advocated by Professor Jeffrey Sachs, architect of Poland's shock therapy and now part of a team of western economists advising the new government, would be forthcoming in March or April. By then the government would have freed the domestic price of oil and stabilised prices.

With a western stabilisation fund behind it, the government wanted to introduce a stable exchange rate. Mr Aven said the rate was bound to come down from its current rate of around Rbs100 to the dollar – *he hoped to between* Rbs15 to Rbs35 to the dollar.

On the government's strategy for attracting investment, Mr Aven promised that legislation on the exploitation of oil reserves and laws granting 1920s style concessions to foreigners would be ready in January. But he added: "The main thing which will attract foreign investment is if this government survives at least three *four or six months*."

He said it would take time for the effects of a decree throwing open foreign trade and establising limited convertibility of the rouble to be felt. But he was pleased with the results one week on.

He reported that 70 foreign rouble exchange bureaux had opened in Moscow since the government bulldozed the old system of artificially fixed offi*cial and commercial rates*.

Privatisation 'to go ahead' in Poland

By Anthony Robinson, East Europe Editor

POLAND'S new minister of privatisation, Mr Tomasz Gruszecki, has taken the *unusual step of publicly* declaring his support for Poland's complex and widespread privatisation programme.

In a move apparently designed to dispel the impression that the centre-right government led by Mr Jan Olszewski has a lower committment to privatisation than its predecessors, the minister said considerable attention would be given to its implementation.

The aim of the programme is to privatise some 200-400 medium to large state enterprises. Their ownership will be transferred to national investment funds (managed by international fund managers), whose shares will be distributed to members of the public.

The previous government, which drew up the plan, was advised by a number of City companies and banks, including S G Warburg, the merchant bankers, and accountants Touche Ross.

Before Christmas, Mr Olszewski, the prime minister, had criticised the former government's economic policies, saying he *rejected* "the *theory* of building a healthy economy only on the ruins of state enterprises".

Bundesbank assailed over interest rate policy

By Leslie Colitt in Berlin and Andrew Fisher in Frankfurt

THE Bundesbank's *policy of* high interest rates could spell economic disaster for east Germany, leading economists warned yesterday.

Mr Lutz Hoffmann, president of the German Institute for Economic Research (DIW) in Berlin, said a strangling of Ger*many's economic* growth by high interest rates could bring an expected economic upswing in east Germany to an abrupt halt.

Mr Heiner Flassbeck, also of DIW, accused the Bundesbank of following a monetary policy which amounted to "reces*sion*."

He recommended that the *central bank adhere to a* steady expansion of the money supply of between 5 per cent and 5.5 per cent instead of between 3.5 per cent and 5.5 per cent.

The two economists' concern followed comments earlier this week by Professor Hans-Karl *Schneider*, *one of the* government's leading economic advisers, that current high interest rates were not appropriate to the economic situation.

The DIW said an economic recovery in east Germany was only possible through continued massive investments from *the west which were based on* budgetary transfers. This *meant that "reductions in real* income will have to be accepted" by west Germans.

The Bundesbank's decision last month to put up German interest rates by half a percentage point was defended yesterday by one of its directors, Mr *Otmar Issing*.

The bank had acted because of a strong rise in the money supply and the need to maintain the credibility of its monetary target for 1992, he said. Confidence in the Bundesbank would be diminished if it tolerated too rapid a rise in the *money supply*.

Christopher Parkes adds from *Bonn: Around 500,000 people* will join German dole queues this year, according to Mr Heinrich Franke, head of the federal labour office. By midyear, he said yesterday, there will be 1.35m registered unemployed in the east, about 400,000 more than at the same time last year.

Numbers in the west, hit by the economic slowdown, will rise by 100,000.

Unemployment figures for December showed an increase of 113,000 in the west to 5.8 per cent and 7,000 in the east to 11.8 per cent.

However, figures for the east did not include mass redundan*cies resulting from the ending* of job creation and short-time working contracts, which, according to unofficial estimates, put up *to 400,000* out of work last month.

The tightening labour market and looming recession, are having some effect on this year's pay negotiations. Steel workers, offered a 4.54 per cent two-stage pay rise in talks on Wednesday night, dropped strike threats and agreed to resume talks on Sunday.

Rifts have also appeared in public service unions, where some officials have said the formal claim of 9.5 per cent is unrealistic.

Finland weighs up benefits of EC entry

By Robert Taylor in Stockholm

FINLAND would enjoy real economic advantages if it joined the European Community, including an 8 per cent increase in real incomes, 100,000 more jobs, lower prices and taxes as well as stable interest rates, according to a report published yesterday by the Finnish government on the pros and cons of *Finnish entry*.

Mr Esko Aho, the prime minister, said his four-party coalition would make up its mind on whether to seek EC membership by the second half of next month.

The document pointed out that Finland's protected agriculture *and food processing* industries would be "the biggest challenge" if the country decided to join the European Community.

But the report suggests it ought to be possible for Finland to negotiate a satisfactory deal with Brussels to ensure that its agricultural sector could adjust over time and benefit from the EC's regional policy.

It points out most of Finnish farming faces severe climatic conditions not experienced by EC countries and this would justify *making accommodations* within the EC's present agricultural policy. Under present EC rules Finland could suffer a 30 per cent drop *in its* agricultural production, it calculates.

The Finnish government *points out that the country's* farmers, many of whom remain hostile to the EC, are likely to face much greater disruption from agricultural reforms being proposed under the Uruguay Round of Gatt talks than from the EC, though the document admits that "*adjusting prices to the EC* level would have an unavoidable impact on production and employment".

The document takes a positive view of the impact of membership on Finnish manufacturing industry as well as its forestry and fishing sectors.

However, it suggests that as an EC member Finland would still bear responsibility for its own defence as a neutral country and adds that *Finland's traditional* security policy could continue.

The balanced document should give a positive boost to those in Finland who want the country to apply for EC membership as soon as possible. Prime Minister Aho, however, faces difficulties inside his own Centre party where two ministers are already threatening to resign if the four-party coalition government seeks EC membership this spring.

However, the Conservatives, the Centre party's main allies *in the* government, favour EC entry and so do the main opposition Social Democrats.

Germany's magnetic hovertrain cleared for take-off

By Christopher Parkes in Bonn

GERMANY'S "whispering arrow", a 400kmh (250mph) levitating magnetic hovertrain, could be flying by the end of the decade.

After 24 years' development and a 100,000km trip to nowhere on a test track in Emsland, north Germany, it yesterday received the technical all-clear, backing from senior politicians and the green light from the federal railways board.

Railways chief Mr Heinz Dürr put aside earlier doubts, and supported Mr Heinz Rie*senhuber*, research *minister*, and transport minister Mr *Günther Krause in a call for* the first stretch of commercial track to be built by a private consortium between Berlin and Hamburg.

The project is expected to be included in a new federal transport programme, due to be approved by the summer, and could be completed by the end of the century , Mr Riesenhuber said.

The estimated DM7.5bn ($4.7bn) cost of building and equipping the first stretch of elevated track, could be shared among a group of banks, indus*trial companies*, railways and Lufthansa, the state-owned air*line, he added. Most of the* initial development work, which has cost about DM1.8bn, has been carried out by the Thyssen steel and engineering group.

The blessing of Mr Dürr and Mr Krause is a welcome boost for the scheme, officially known as the Transrapid, which had been carefully fostered by Mr Riesenhuber despite persistent doubts in transport circles. Experts had previously claimed that it would hamper the prospects of the 250kmh inter-city express (ICE), which started running last year.

The ICE, launched with a DM50bn budget, is intended to form the hub of a new high-speed European rail network. The *magnet train* is *now* seen as a fast, clean complement to some of the most crowded rail lines in the country.

Mr Riesenhuber said yesterday that up to 16m passengers a year might use the Hamburg-Berlin line, allowing the parallel conventional rail track to carry more freight and ease road congestion. Other proposed links, connecting Berlin with Dresden, and a sweeping loop from the new capital through Hanover, Cologne, Frankfurt, Leipzig and back to Berlin were still under consideration, he added.

The main barriers now standing in the train's way include the SPD governments controlling the states through which *the line must* pass, *and* Germany's powerful environmentalist lobby, which is unhappy about the ecological impact.

Experts claimed yesterday that the novel machine would reduce carbon dioxide emissions, and that at full speed it made no more noise than a Volkswagen mini-bus.

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WORLD TRADE NEWS

Bundesbahn to buy 114 Spanish rail wagons

By Peter Bruce in Madrid

THE GERMAN state railway monopoly, the Bundesbahn, yesterday signed a document of intent to buy 114 Spanish railway wagons for $80m (£42.7m) to mark the first time that Spain has been able to export its unique Talgo railway technology.

The deal, which the chairman of the Bundesbahn, Mr Heinz Dürr, was due to sign in Madrid last night, was triggered by Spain's decision in 1986 to award a $350m contract for 75 high-powered locomotives to Siemens.

The Talgo wagons are produced by a joint venture between Renfe, the Spanish railway monopoly, and a privately-owned Basque group. Talgo (the Spanish acronym for the Goicoechea-Oriol light articulated train) is a technology developed more than 40 years ago by a Basque engineer, Mr Alejandro Goicoechea, and financed by the Oriol family during the Franco dictatorship.

Franco had ordered Spain's railway gauge to be wider than the conventional European gauge in order, it is said, to deter invasions.

Thus, one of the characteristics of Talgo, which is used by Renfe in a luxury inter-city train, is that its wheel arrangement enables it to pass from the Spanish to the French gauge without stopping on the run between Madrid and Paris.

The Talgo 200 series ordered by the Bundesbahn has already been tested at speeds of over 250kmh with a Siemens locomotive, though too late to bid for Spain's first high-speed train contract in 1988, which went to GEC Alsthom.

Since then, the Talgo partnership has been trying to sell its technology to continental buyers and in the US.

The Bundesbahn plans to use the Talgo trains on overnight routes between Berlin and Basle and Munich and Zurich. Talgo's manufacturers claim that because it is so light it saves on engine energy and that its carriages are connected in such a way that they do not jolt.

Essentially, Talgo technology is based on the fact that each wheel has its own axle, placed between and not under the carriages, and which can be independently manipulated. This places the suspension above the point of gravity on each wagon, enabling it to achieve high speeds with sharply reduced lateral movements.

Talgo is likely to be a strong competitor, say its manufacturers, when the Spanish railway next adjudicates a high-speed contract.

That, however, is not likely to be until the next century and the joint venture is aggressively seeking new export business.

Major, Kohl seek early Gatt accord

By Quentin Peel in Bonn

MR Helmut Kohl, the German Chancellor, and Mr John Major, the British prime minister, yesterday discussed the stalled world trade talks under the General Agreement on Tariffs and Trade (Gatt) in a 35-minute telephone conversation, and agreed it was essential to reach an early conclusion.

Their talk, arranged before the Christmas holiday, comes on the eve of the two-day European Community ministerial meeting in Brussels opening today, and involving foreign, trade and farm ministers.

"The aim is to get a positive message [from the ministerial meeting] on Saturday," a German official said yesterday. "We need a positive message for Geneva to conclude the talks in the early spring."

A British spokesman in London said there was "a shared determination on the part of not only Mr Kohl and the prime minister, but also US President George Bush, to reach agreement."

Kohl: agreed with Major on need for early conclusion to talks

In Bonn, a somewhat irritated chancellor's office, where the conversation had been assumed to be confidential, simply confirmed the British statement.

The issue of the Gatt negotiations remains extremely sensitive in Germany, where a strong free-trade lobby, headed by Mr Jürgen Möllemann, the economics minister, has been campaigning against the equally entrenched agriculture lobby, headed by Mr Ignaz Kiechle, the agriculture minister.

In spite of claims from the *Möllemann camp that the battle* has been won, Mr Kiechle last year won a firm pledge from the cabinet that whatever farm subsidies were lost in the form of high and protected prices would be replaced in the form of income support.

Chancellor Kohl is also mindful of the need not to offend France, his closest ally in the EC, which is the largest agricultural exporter in the Community and therefore by far the most affected by the proposed Gatt farm trade liberalisation.

"Now is an unfavourable moment to go against France," one foreign policy commentator said yesterday. "There are many problems with the Franco-German relationship, including Yugoslavia. But Chancellor Kohl also knows he cannot have it both ways any longer."

German officials said yesterday *that the compromise proposals* put forward by Mr Arthur Dunkel, the Gatt director-general, were "not enough," but still a "useful basis" on which to take the negotiations forward.

"Even the British are not satisfied on agriculture," one senior official said. "The key question is: what will replace price cuts?"

EC unmoved by Dunkel doctrine

David Gardner on dismay in Brussels at an obstacle to farm reform

GATT

MR ARTHUR Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), is not a popular man in Brussels just now. The majority view in the European Commission, and within the EC's 12 member states, is that his doctrinaire attitude towards liberalising farm trade is putting a new world trade order beyond reach – as well as queering the pitch for radical reform of the Community's Common Agricultural Policy (CAP).

On December 23, the 12 said Mr Dunkel's blueprint for farm trade "is not acceptable, and therefore has to be modified". Little different can be expected from today's EC council of foreign, farm and trade ministers, called to pronounce on the Swiss diplomat's draft conclusions to the Uruguay Round before the "crunch" meeting in Geneva on Monday.

Then, all 108 participants in the five-year trade talks are to respond to a package designed to liberalise trade not only, or even primarily, in agriculture, but to set new rules in sectors such as services and intellectual property rights. But the EC, to the frustration of most of its members, looks trapped by the agriculture chapter.

Prospects of a farm trade breakthrough had brightened after six weeks of hard, bilateral bargaining between the EC and the US, but on December 19, when only 4m tonnes of EC wheat exports appeared to stand between a Washington-Brussels deal, the negotiations imploded.

No cogent explanation has emerged as to why this happened. But Mr Ed Madigan, the US agriculture secretary in charge of the horse-trading with Mr Ray MacSharry, EC farm commissioner, seems to have been reined back from concessions he was prepared to make. What detonated the failure was the re-opening of the arcane but core "green box" issue.

The EC's planned CAP reform envisages direct payments to farmers to compensate for deep cuts in farm support prices. These cuts exceed Gatt targets: cereals prices, for instance, would be cut by 35 per cent over three years, rather than the 20 per cent over six years Mr Dunkel wrote into his "final act" of the Uruguay Round. The Gatt target would require the US to cut internal subsidies by little more than envisaged in its current farm bill.

Export subsidies, however, would under the Dunkel schema be cut by 36 per cent, and the volume of subsidised food exported by 24 per cent. The EC wants no formal volume restraints, but could in practice deliver them, on cereals at least, the main commodity of the row. The EC compensation payments are calculated on the area sown in a past reference period, made contingent on land being taken out of production, and therefore cut the most direct link between price support and ever-expanding output. The CAP plan could take 17m tonnes of EC grain off world markets.

The absolute condition is that the direct compensation to farmers be categorised as "green box", that is subsidies that do not foment production and therefore distort trade. Mr Dunkel's paper rules this out. The EC says in that case it cannot make the cuts, much less sell them to farmers.

The Dunkel plan "is asking us to crucify our farmers, for absolutely no benefit at all to the world market for farm produce", complains one senior Commission official.

EC officials regard any Gatt failure as a strategic setback for CAP reform. Gatt has been one of the levers Mr MacSharry has used to prise assent to the thrust of his reform from a council of farm ministers which a year ago was unanimously opposed to it. But worse still, failure to enact the reform could paralyse Community policy in other areas.

In mid-February, Brussels will present a new financial plan for 1993-97, designed to increase resources and funnel more of them to laggard member-states, to help them adapt to the single market and prepare for currency union. No overall decision is possible without agreement on a reformed, at first more expensive CAP, which without a Gatt deal would seem to offer less of a pay-off.

Moreover, an unreformed CAP would complicate enlargement and any coherent policy towards the post-communist democracies of eastern Europe requires greater access into the EC for their agricultural produce. An unreformed CAP blocks this.

The least bad outcome, one Brussels official argues, would be for the 12 to restate their opposition to Mr Dunkel's agriculture proposals and to mandate Mr MacSharry to try to get him and the US to budge on the crucial "green box" definition. The risk otherwise is that the package as a whole could be re-opened.

Appeal for acceptance of Uruguay Round drafts

By Frances Williams in Geneva

MR Arthur Dunkel, Gatt's director-general, has urged governments taking part in the Uruguay Round negotiations to accept his draft package of accords as a basis for continuing talks, leaving open the possibility that some aspects be reopened.

The 108 countries involved are due to give their reactions to the package, finalised on December 20, at a meeting of the top-level Trade Negotiations Committee next Monday

Alarmed that objections to the agriculture deal could open the floodgates to every country dissatisfied with this or that proposal, Mr Dunkel yesterday summoned senior officials from the main trading nations to urge provisional acceptance of the draft package and to set a timetable for further talks designed to conclude the Round by April 15.

It was always envisaged that once the draft package was agreed there would need to be some weeks of detailed bilateral negotiations on market-opening measures for both goods and services, as well as some "fine-tuning" of the legal language. These bilateral deals, "multilateralised" by Gatt's non-discriminatory most-favoured nation rule, will be an integral part of the final Uruguay Round accord.

Unless EC ministers change tack when they meet in Brussels today and tomorrow, the Community looks set to demand renegotiation at least of that part of the package dealing with farmers' compensation payments. Mr Dunkel's concern will be to create scope for a limited number of changes necessary to bring all participants on board.

Sweden to reform foreign aid terms

By Robert Taylor in Stockholm

SWEDEN is about to reform its aid programme to the developing world by insisting recipient countries prove their commitment to democracy, the defence of human rights and the creation of free market economies before they receive bilateral financial assistance.

Action will also be required by the recipients to stamp out corruption and to make sure aid reaches those who need it.

> Traditionally, Swedish aid has been focused on countries such as Tanzania, Mozambique, Vietnam and Angola, which were viewed sympathetically by the former ruling Social Democrats for ideological reasons

The shift in Swedish foreign aid policy will be announced today when the new non-Socialist government presents its first budget. However, Sweden will retain its commitment to provide the high level of 1.0 per cent of its gross domestic product to development assistance.

It remains only one of four countries in the world that has met the United Nations target of 0.7 per cent of GDP. The others are Holland, Denmark and Norway.

In the last financial year the Swedish government allocated just under SKr13bn (£1.24bn) for aid.

The present government's aid programme planned for the newly independent Baltic states will be funded separately.

Traditionally, Swedish aid was focused on a number of countries such as Tanzania, Mozambique, Vietnam, Cuba and Angola, who were viewed sympathetically by the ruling Social Democrats for ideological reasons. However, the non-Socialist government has less political sympathy with many regimes once favoured by Sweden.

OECD export credit rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates for officially-supported export credits for Jan 15-Feb 2 1992 (Dec 15-Jan 14 rates in brackets):
D-MARK 9.51 per cent (9.68);
FRENCH FRANC 10.31 (10.20);
GUILDER 9.75 (9.90);
ITALIAN LIRA 12.25 (12.06);
YEN 6.40 (6.70);
PESETA 12.87 (12.79);
STERLING 10.89 (10.85);
SWISS FRANC for credits of less than eight years 8.30 (same); for credits of more than eight years 8.55 (same);
US DOLLAR for credits of up to five years 7.09 (7.52); for credits of over five years 7.49 (7.92).

These rates are published monthly by the Financial Times, normally around the middle of each month. They apply to all export credits. However, on those to middle-income and poor developing countries the OECD matrix rate can be used if lower.

This matrix was changed most recently on July 15 1990 and will be subject to change on February 15.

BUSH IN JAPAN

Small gains for Bush from mishandled tour

By Lionel Barber, US Editor, in Washington

PRESIDENT George Bush heads home today after a sobering trip to Asia which fell short of its inflated goals.

However irresistible the symbolism, the sight of Japanese Prime Minister Kiichi Miyazawa cradling a stricken American president proved no more than a diversion. Although Mr Bush still looked queasy yesterday, he appeared well on the way to a recovery from "Tokyo tummy".

Far more revealing was the way in which Mr Bush allowed misguided advisers to turn his four-nation Asian tour into a domestic political exercise. Spooked by criticism that he was spending too much time on foreign affairs, Mr Bush said his trip to Australia, Singapore, South Korea and Japan was about "jobs, jobs, jobs".

The pitfalls of this approach soon became apparent. In Australia, Mr Bush decried protectionism but enraged local farmers by refusing to scrap subsidies for US wheat exports. "We've never said we're totally pure," said Mr Bush, with a straight face.

In Japan, he turned from master diplomat to car salesman. Accompanied by 21 corporate executives, the loudest being the chairmen of the three Detroit car makers, Mr Bush retreated steadily from his support of free trade, to fair trade, before finally embracing "managed trade".

This retreat was underlined by the mixed success the chairmen of Ford, Chrysler and General Motors enjoyed in their efforts to negotiate specific numbers for Japanese imports of US cars and car parts – an approach little different in spirit from that of Richard Gephardt, the Democrat congressman Mr Bush often calls a Japan-basher.

Mr Bush could point to a commitment from Japanese car makers to double the number of US car parts from $7bn last year to $15bn in fiscal 1994; but most of the 20,000 US-made cars which Tokyo will import will come from Japanese manufacturers already based in the US, not the Big Three.

Mr Richard Holbrooke, a former assistant secretary of state for East Asian affairs, said yesterday the progress in removing part of the two countries' annual $40bn trade imbalance came at a price. "An impression has been created that Japan is the cause of the American recession, that Toyota is the cause of General Motors' decline, and that's just not true," he said.

Mr Bush must bear some of the blame; but so too must Mr Robert Mosbacher, the outgoing commerce secretary who has just been appointed chairman of the Bush-Quayle re-election campaign. The Texan multi-millionaire's main skill is raising money. His forays into diplomacy or domestic politics have more often than not landed the president in trouble.

By several accounts, it was Mr Mosbacher who persuaded Mr Bush to take corporate executives on the Asian trip. The idea was to use public/private sector pressure to prise open markets, play tough with the Japanese and bill the tour as a jobs mission to boost the US economy and bolster Mr Bush's standing in the polls.

This completely undercut the original purpose of the trip. As originally timed, for last November, it would have preceded the 50th anniversary of the Japanese assault on Pearl Harbor with a grand declaration of reconciliation in which the world's two most powerful economies could join in a new global partnership in the post-Cold War era.

The wider message has been drowned out – with one important qualification. Before he fainted at the banquet on Wednesday, Mr Bush agreed with Mr Miyazawa on a joint initiative to promote world economic growth. Although short on details, the two sides gave a commitment to a fiscal stimulus to their economies and urged other countries, particularly Germany, to do the same.

This initiative is likely to gather momentum in the coming fortnight, ahead of the president's State of the Union address on January 27, in which he is expected to announce a growth package involving a capital gains tax cut and help for first-time home buyers. Already, the US Treasury is sounding out European allies on the idea of presenting a plan to Group of Seven finance ministers meeting in the US on January 25.

The campaign for global reflation to head off recession is an effort to revive the international economic co-operation successfully pursued by the US in the mid-1980s.

Mr Bush has shown this week that he is a politician running for re-election, ready to pander to a domestic audience with the best of them. This is certain to continue, if the November election looks tight. As he told David Frost in an interview: "I will do what I have to do to get re-elected."

Motor industries still on collision course

By Stefan Wagstyl and Robert Thomson in Tokyo

THE US and Japanese motor industries are still on a collision course, in spite of promises by Japanese manufacturers to increase their purchases of US parts and to market in Japan more vehicles made by the Big Three – General Motors, Ford Motor and Chrysler.

The agreements were hailed yesterday by US President George Bush and Mr Kiichi Miyazawa, the Japanese prime minister. But Japanese executives resented the pressure on them to give assistance to their US competitors, while American executives were angry that more had not been done to "open" the Japanese market.

Mr Bush, who has made the motor trade the most important economic bilateral issue of his visit, praised the agreements, saying it would mean more American car parts and cars coming into Japan.

But Mr Harold Poling, chairman of Ford, said that though progress had been made, the Japanese industry's proposals were "inadequate". Mr Jack Reilly, president of Tenneco, the motor parts group, said the progress had been made but it was "definitely insufficient". The US industry wanted Japan to cut its trade surplus to near zero in five years, starting with a 20 per cent reduction this year.

Japanese industry leaders said the targets they had set were the highest they could manage and would be difficult to achieve. Mr Yutaka Kume, chairman of the Japan Automobile Manufacturers Association, said consumers decided what make of car to buy. He urged American companies to make greater efforts in the Japanese market.

The Japanese concessions came in two forms: commitments by manufacturers to increase their purchases of US parts and their sales of US-made vehicles, and promises by the Japanese government to assist US parts suppliers in finding Japanese customers and to ease technical certification requirements for imported vehicles.

A joint "action plan" also contains a series of less painful promises by the US government, including a commitment to "an economically viable US automotive industry".

Those programmes include a budget allocation next year of $1.5m (£825,000) to help US parts companies establish ties with Japanese companies at the design stage of new vehicles, and tax concessions for companies opening facilities in Japan. The Fair Trade Commission, the anti-monopoly body, is also conducting a study on competition in the auto parts sector.

To the annoyance of American executives, the agreement does not specify targets for imports of finished vehicles into Japan.

Instead, individual companies have made separate – and modest – commitments. Toyota Motor promised to increase imports of US-made Toyotas to 20,000 by the 1994 financial year and to talk to GM about the possible import of 5,000 GM cars. Nissan pledged to import a mini-van jointly developed with Ford and other Ford cars to a total of 3,000 a year.

Honda Motor plans a sharp rise in US-made Hondas from 14,000 last year to 27,000 in 1994, plus a rise from 424 to 1,200 in imports of Chrysler jeeps. Mazda Motor intends to double the number of Fords it imports to 4,500. Mitsubishi Motors plans an increase in its imports of Chrysler cars and of vehicles made in partnership with Chrysler from 2,500 to 6,000 in the 1995 financial year.

Mitsubishi Motors chairman Yohei Mimura, Chrysler chairman Lee Iacocca and Toyota chairman Eiji Toyoda during a working breakfast yesterday

Trade surplus remains a source of friction

By Robert Thomson in Tokyo

THE smiles, the handshakes, the Global Partnership and the Tokyo Declaration may be intended to convince a US audience that President George Bush has prised open a "closed" Japanese market, but they do not mean that bilateral trade friction has come to a sudden end.

Japanese officials said last night they had addressed 73 of 86 trade-related complaints formally lodged by the US. But "addressing" does not necessarily meaning resolving to the long-term satisfaction of the US.

At the heart of US-Japan trade friction is Japan's $40bn (£22bn) trade surplus with the US, the most obvious target for US congressmen looking for an apparent indicator of unfairness. The often obscure details of the particular items in dispute are of less political significance.

That surplus has been on the rise in recent months, with demand for Japanese products increasing in tandem with the erratic stirrings of recovery in the US economy, and Japanese government officials fear it will continue increasing. If that is the case, last night's warm exchanges will soon be replaced by heated argument.

Mr Nicholas Brady, the US treasury secretary, addressing a luncheon on behalf of Mr Bush, said: "Japan's trade surplus is too high and its market access too limited." He warned that the health of the broader relationship depended on reducing trade tension by "eliminating barriers to trade and investment".

"We have waited a long time, but now the time has come for equal access. Fair play is in both our interests," Mr Brady said.

But Mr Robert Mosbacher, commerce secretary, was not as certain that the time has come. Asked if outstanding issues had been resolved to his satisfaction, he replied: "We always have trouble making agreements with the Japanese, but we are making progress."

Progress was made on the issue of computer procurement by the Japanese public sector.

Tokyo has agreed to lower the purchase figure triggering a public tender for computer procurement, and to ensure that various quasi-government bodies abide by the purchasing guidelines. But, like a few of the other concessions seemingly made in the past three days, the new regulations were essentially agreed on last year.

The two countries have agreed to "reinvigorate" the Structural Impediments Initiative (SII) talks, which began two years ago and were designed to remove "structural" obstacles to bilateral trade, for example, by demanding that Tokyo increase public works investment. Japan has resisted US demands for a fresh round of negotiations, but the countries agreed yesterday to make "new commitments" to improve the business environment.

On the imbalance in direct investment between Japan and the US, Tokyo restated its intention to encourage foreign companies by extending the tax carry-over period for losses from five to seven years, and allowing an acceleration of depreciation charges.

Several of the Global Partnership provisions will depend on the outcome of investigations by Japan's Fair Trade Commission, the anti-monopoly body. The commission will investigate whether Japanese companies are unfairly excluding competitors in the paper and glass industries.

But Tokyo was unable to convince the country's politically influential lawyers to give way to US demands for greater access to the legal market and could only offer to "redouble its efforts to resolve the issues".

Japanese officials were relieved that they were not forced to make a specific commitment to open the rice market, though Japan yesterday formally recognised the importance of "tarification", the replacement of existing trade barriers with a tariff regime.

No policy change, says Hills

By Nancy Dunne in Washington

MRS Carla Hills, the US trade representative, yesterday insisted that President George Bush's trade mission to Japan had not changed US free trade policy "one iota".

Defending the president's controversial trip, Mrs Hills said the US policy had been "to expand exports and create jobs. We have been quite consistent. There has never been any deviation."

However, the president is being widely criticised in the US press for embracing the "fair trade" rhetoric of his opposition and the numerical goals of "managed trade" in response to his declining popularity. On Capitol Hill economists yesterday were testifying against the new US-Japan "action plan" which Mr Bush insisted would "translate into jobs for American workers".

"The likelihood is that the real economic impact will be negligible and that it will do little to create jobs in the US of A," said Mr Jesper Koll, an economist at S.G. Warburg Securities (Japan).

Mr Fred Bergsten, director of the Institute for International Economics, said that in the long run US trade gains "will depend on sharply improving the underlying competitiveness of our economy". To boost US exports to Japan, Mr Bush should have sought an agreement to boost the Japanese currency against the dollar, he said.

Mrs Hills denied that the president had resorted to "managed trade". Specific numbers had been agreed on Japanese purchases of US motor parts not to guarantee market share but "to identify problems and as a benchmark to correct those problems.

"To name a number would undercut an industry," she said. "It is better to remove the barrier. We would much rather open markets than reduce our own imports."

Mrs Hills said she had not not accompanied the president to Japan because "this was an export enhancement trip. The Secretary of Commerce went and that is his portfolio." However, negotiations on the trip had been conducted by Mr Michael Moscow, her deputy, and she had been in hourly touch with him.

The administration's trade policy has been a success, she said. It has boosted exports to Japan by 45 per cent and to the rest of the world by 30 per cent. "Our jobs connected to exports are on the increase. Exports have halved the rigours of the economic slowdown," she said.

AMERICAN NEWS

White House seeks health care overhaul

By George Graham in Washington

WHITE House officials have proposed to medical and employer groups measures for overhauling the US health care system. This is part of an attempt to produce a reform package before President George Bush's State of the Union address on January 28.

Mr Samuel Skinner, White House chief of staff, has met the American Medical Association to discuss ideas in the president's health care proposals. They include a refundable tax credit to help families pay health insurance premiums, and incentives for people covered by the federal Medicare and Medicaid systems to join more cost-effective managed care plans.

However, some analysts believe that managed care programmes, such as Health Maintenance Organisations, produce a one-off gain when people join, but no long-term curb on the 10 per cent a year increase in medical costs. The administration also wants to restrict malpractice lawsuits so as to control the rise in the insurance premiums that doctors must pay in case of malpractice suits.

Other proposals include higher premiums from high-income families for Medicare, the federal health programme for the retired. Medical costs in the US have risen by more than 10 per cent a year for the last five years, to total an estimated $817bn (£449bn) this year. Yet, more than 34m people have no medical insurance.

The administration's proposals still fall well short of several broad, controversial reform packages proposed by the Democrats. These include a "play or pay" scheme where employers would have to choose between providing health insurance to their employees and paying a tax to fund an expanded Medicaid.

US wholesale prices down

US WHOLESALE prices fell last month, indicating that inflationary pressures are continuing to abate, the Labour Department reported yesterday, writes Michael Prowse in Washington.

The producer price index for finished goods fell 0.2 per cent in December compared with November, and by 0.1 per cent in the year to December. Financial markets had expected no change in prices last month.

The annual decline in the index for finished goods was the first since 1986, when a halving of oil prices temporarily depressed inflation.

Prices for crude and intermediate goods – products at an earlier stage of production – fell by 11.6 per cent and 2.6 per cent respectively last year, indicating that a further moderation of factory gate prices is likely.

Analysts said the apparent absence of inflationary pressures increased the Federal Reserve Board's scope to combat recession by cutting interest rates.

Wilder quits Democrat contest

By George Graham in Washington

GOVERNOR Douglas Wilder of Virginia has bowed out of the race for the Democratic Party's presidential nomination.

Mr Wilder said he was withdrawing from the race this year for the same reason that Governor Mario Cuomo of New York has decided not to run: in order to concentrate on the budget problems that face his state.

It was plain, however, that the Wilder campaign had not caught fire. He was expected to fare poorly in New Hampshire, which is to hold the first primary on February 18, and his fund-raising had lagged behind that of other main Democratic contenders.

By the end of 1991, his papers at the Federal Election Commission showed he had raised less than a quarter of the total money raised by the Democratic front-runner, Governor Bill Clinton of Arkansas.

Mr Wilder, the first elected black governor in the US, has not based his political success on an appeal to a monolithic black vote. However, such an appeal had come to seem the only course for a man who remains largely unknown outside his own state.

A feud with Mr Jesse Jackson, the black activist leader who won seven states in the 1988 Democratic primaries, hampered Mr Wilder's efforts to gain support from some black organisations – nor had the other Democratic candidates conceded black votes to Mr Wilder.

The governor's withdrawal means that, for the first time since 1980, the Democratic candidates can compete for black voters without facing a major black opponent. So, Senator Tom Harkin of Iowa could gain votes, particularly among urban blacks in the north and mid-west. Senator Bob Kerrey of Nebraska is also expected to step up his efforts in these constituencies.

The principal beneficiary, however, is likely to be Mr Clinton, who has won many black votes in his five campaigns for the governorship of rural, southern Arkansas. He was always expected to be the front-runner in the southern states which will dominate the Super Tuesday primaries on March 10 – now Mr Wilder's withdrawal should make it easier for him to achieve a big victory.

Mr Clinton has begun to gain momentum in New Hampshire, too, and is consecrated as the man to beat.

Pundits generally place Mr Kerrey in second place, just ahead of Mr Harkin, who started well but has slowed in recent weeks.

Mr Paul Tsongas of Massachusetts, a former senator, is expected to do well in next-door New Hampshire, but would need a win or a strong second place to develop enough momentum to carry his campaign into other states, where he remains little-known.

Governor Wilder: Too many troubles at home

Japan refuses finance for Brazilian debt deal

By Christina Lamb in Rio de Janeiro and Stephen Fidler in London

JAPAN has refused to provide finance for a debt-reduction deal by Brazil and its bank creditors until the government has agreed a three-year economic programme from the International Monetary Fund, unlikely this year.

This will force the Brazilian government to seek innovative options to break a stalemate in negotiations, which are to resume this month, over reducing the $52bn in medium and long-term loans extended by creditor banks.

Although Brazil is due to obtain agreement for a $2bn stand-by IMF loan this month – it is to be discussed by the fund board on January 22 – the Japanese have said they want to see a three-year Extended Fund Facility before providing finance for a Brady debt-reduction deal.

This suggests Brazil will have insufficient resources to provide guarantees of both principal and interest to banks that agree to reduce their claims on the country.

Brazil has less in resources for these so-called enhancements than provided by Mexico in its 1990 debt-reduction accord, and has more debt.

Japan supported the Mexican agreement but Tokyo seems to have doubts about the long-term commitment of Brasilia to reform.

Brazil's chief debt negotiator, Mr Pedro Malan, said yesterday: "We have no doctrinaire objection to rolling interest guarantees but, frankly, we don't have the resources. We cannot put up much from our reserves so we depend on Japanese help or multilateral institutions."

He added: "We are trying to think of innovative schemes related to the volume and timing of enhancements." He said that banks taking up the new-money option, for example, would be asked to allow a proportion allotted to the enhancements. Bankers say another option would be to introduce the enhancements in stages as finance became available.

A senior official at a large creditor bank yesterday said he did not expect many banks to be lending new money to Brazil. He described some banks as being "hung up on a Mexico-style deal for Brazil". He believed that, if creditor banks genuinely wanted a deal, they "will have to do some talking."

One option, he said, might be to concentrate on converting a large part of Brazil's floating rate bank loans into fixed-rate debt, so as to take advantage of the current low levels of US interest rates.

Brasilia has embarked on a new offensive to resolve its foreign debt problem.

External negotiations have taken high priority since Mr Marcilio Marques Moreira took over as economy minister last May. Mr Moreira now wants to consolidate this with concrete results – deals with the IMF, the Paris Club of creditor governments and commercial banks by mid-1992.

Providing the IMF deal goes through this month, the government hopes to reach a quick agreement over its $20bn debt with the Paris Club, which comes up for discussion in February. Mr Francisco Gros, Central Bank governor, will be in France and the UK early next week to present Brazil's position to his counterparts. Talks with commercial banks are expected to resume on January 20.

New move on Mexican air pollution

PRESIDENT Carlos Salinas of Mexico has set up a commission to co-ordinate Mexico City's fight against air pollution, writes Damian Fraser in Mexico City.

The commission, to be headed initially by Mr Manuel Camacho, the capital's mayor, will include five cabinet ministers, the governor of the state of Mexico, the director of Pemex, Mexico's oil monopoly, and local ecologists. It will start with a budget of the equivalent of $165m (£91m), half of which will be financed by the World Bank and the Japanese government.

The new body has been created to avoid the inter-ministerial rivalry hampering the design and implementation of the existing pollution programme, costed at $4.6bn. Mr Camacho had been at odds with Mr Manuel Bartlett, who recently vacated the education portfolio, over a possible change of the school calendar. Pemex had fought unsuccessfully to keep prices of unleaded petrol substantially above those of leaded petrol until the oil company was able to meet demand through domestic production, rather than imports.

Mr Salinas ordered the commission to draw up a plan in 30 days to outline how all public vehicles and taxis could use natural gas. This would reduce pollution levels but would probably increase Mexico's gas imports. Pemex has not the capacity to meet expected demand.

INTERNATIONAL NEWS

Sabine Schmidt, a Greenpeace scientist, descends into a dirty hole in the Antarctic ice sheet. The environmental group yesterday condemned the US National Science Foundation for causing a crater more than 10 metres deep in the Ross Ice Shelf by blowing up toxic waste from an old research station on December 30 instead of removing it from the region. Greenpeace is to analyse contaminated ash and snow samples from the explosion.

Palestinians seek to build on Israel's unpopularity

Lamis Andoni reports from Amman

THE Palestinians, who have succeeded in securing international condemnation of Israel's deportation policy, are trying to build on this gain by moving to the offensive in the next round of Arab-Israeli talks in Washington next week.

Delegates will press for separate representation and the inclusion of Palestinian national rights on the agenda.

They believe that unless the agenda is expanded to address national rights, the outcome of the talks will be reduced to administrative arrangements falling short of ending the Israeli occupation of the West Bank and Gaza and block Palestinian national sovereignty.

According to the letters of the invitation, forwarded by the US and (now) Russia, co-sponsors of the talks, the Israeli and Palestinian delegations were to focus on arrangements for Palestinian self-rule during an interim period which would be followed by negotiations over the permanent status of the occupied territories.

The Palestinians hope that the suggested five-year interim period – which they want to reduce to two years – will lead to the establishment of an independent Palestinian state, a goal opposed by Israel and not endorsed by the US.

The Palestinians fear that unless self-rule is linked to a final settlement involving an Israeli withdrawal from the West Bank and Gaza Strip, the interim arrangement will turn into a permanent status.

The co-sponsors have asked both sides to present their own models of Palestinian autonomy. Palestinian negotiators do not expect the Israelis to present a more advanced form of their previous proposals.

The Palestinians will put forward a self-rule plan based on United Nations resolutions that call for an Israeli withdrawal from the West Bank and Gaza Strip and the fourth Geneva convention which is aimed at forcing Israel to stop activities that might alter the identity of the occupied Arab territories, such as building of settlements and deporting Palestinians.

They are unlikely, however, to start the battle over the agenda and self-rule in the coming round unless the issue of Palestinian representation is resolved.

(In the last round of talks, the Israelis, Palestinians and Jordanians spent six days in the corridors of the State Department because they could not agree on a formula for separate talks between Israel and each of the two halves of the joint delegation.)

Israel suggests that negotiations over Palestinian self rule should be held between technical sub-committees from the Israeli and the joint Jordanian-Palestinian delegation.

The Palestinians see the Israeli proposal as marginalising the Palestinian political role and has pressed Jordan practically to speak on behalf of the Palestinians. Jordan, which fears that such an arrangement will substantiate claims that Jordan is the substitute homeland for the Palestinians, has backed the Palestinian position.

Ironically, the Palestinians derived new strength to press the demands when Israel's campaign to curb Palestinian resistance temporarily backfired when the UN Security Council strongly condemned Israel's orders to deport 12 Palestinian activists earlier this week.

They are apparently hoping for Arab backing and that Israeli policies will lead to its isolation and will drive a wedge between Israel and its ally the US – three hopes that in the past have failed to bring them very close to their goals.

Algerian militants defy ban

SEVERAL hundred Islamic Salvation Front (FIS) supporters marched chanting through central Algiers yesterday, despite a ban on marches during election campaigning, agencies report from Algiers.

The FIS militants chanted support for Mr Abassi Madani and Mr Ali Belhadj, two of the party's leaders detained by the military last June when unrest forced the postponement of Algeria's first multiparty general election.

The FIS seized a commanding lead in the first round poll last month and appears set to win a parliamentary majority in the ballot for undecided seats next Thursday.

The Tunisian government, alarmed at the prospect of an electoral victory by Algerian fundamentalists has told its security forces to be on the alert and ready for sacrifice.

US dollar peg 'hobbles attack on HK inflation'

Simon Holberton on a debate among the colony's economists

FALLS in US interest rates have raised doubts among economists in Hong Kong about the wisdom of its fixed link with the US dollar, which limits the government's freedom to attack a stubbornly high inflation rate.

The government, however, recoils at suggestions for change. It aims to deal with inflation as best it can, without altering the exchange rate regime. Officials say maintenance of the peg is vital to financial and political stability in the run-up to 1997 when Hong Kong reverts to Chinese sovereignty.

The peg, established in October 1983 at HK$7.8 to the US dollar, has ensured that the external value of the Hong Kong dollar has remained stable and that it has been relatively immune from the colony's favourite pastime: financial speculation.

But it prevents the monetary authorities from responding to the upward pressure on domestic prices by increasing interest rates. This would lead to distortions of the domestic money supply and could create a divergence between free and official currency rates, undermining the peg and financial stability.

Inflation, though below its highest levels, is still running at about 11 per cent and, economists say, is expected to fall only to about 10 per cent by the end of this year.

A cut in Hong Kong's interest rates – three-month money is currently trading at about 4.65 per cent – is widely expected after recent reductions in US interest rates, including a full-point cut in the Federal Reserve discount rate to 3.5 per cent.

However, a fall in Hong Kong rates could further exacerbate asset price inflation, most visible in the property and stock markets. Property prices have risen in some areas of Hong Kong by 40 per cent over the past year and rents have gone up by 30 per cent.

Banks have moved to cool speculation in the property market by tightening lending, and the government plans to impose stamp duty on sales and purchases of property worth more than HK$2m (£145,000).

Some economists believe inflation is high because of structural changes under way in Hong Kong as more of its manufacturing shifts to southern China, where labour is much cheaper.

Hong Kong's economy is increasingly based on services and demand for these is growing rapidly, pushing up prices and demanding greater and more expensive skills from the workforce.

Hong Kong will have high inflation for some time, according to these economists. Others see the root cause in the government's maintenance of the fixed link with the dollar.

"The government has totally lost its monetary autonomy," says Mr Benjamin Chan, chief economist with the Bank of East Asia, an opponent of the peg. "Inflation is in double digits but interest rates are declining. I don't think the government wants to lower interest rates but it has no choice. I think it's a major problem; the government can't fight inflation because it does not have any tools."

However, the government's belief that the US dollar peg is essential for stability finds support among some private sector economists. They believe that Hong Kong's exchange rate system has served the colony well, and argue that inflation is due to the structural changes in the economy.

Mr Enzio von Pfeil, economist with British brokers Smith New Court points to the rapid transfer of manufacturing capacity from Hong Kong to the bordering Chinese province of Guangdong, where labour costs in some industries are 20 per cent of what they are in Hong Kong.

"This is very important for Hong Kong's competitiveness because the material content of a lot of its exports come from Guangdong. Hong Kong companies can get away with 17 per cent pay rises for their workers here because materials costs are so low in China."

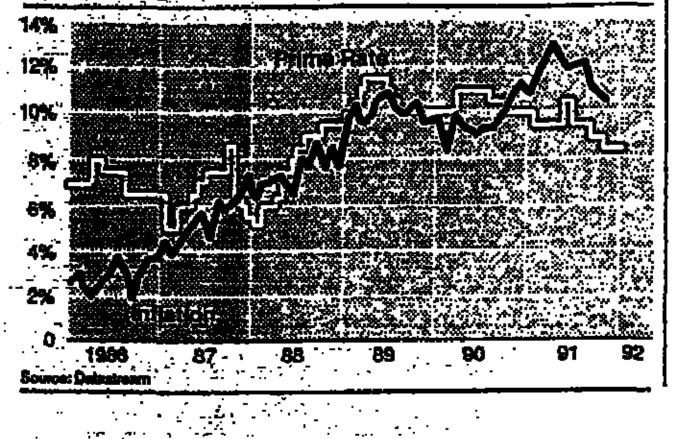
Economists point out that the integration with southern China has meant that Hong Kong's inflation has not fed through to its international competitiveness. Mr John Greenwood, chairman and group economist of GT Management (Asia), a fund manager, says that annual growth in the prices of exports from Hong Kong has been at a stable 3 per cent a year despite inflation at nearly four times that level.

Mr Greenwood points out that Hong Kong is going through a transition from an economy based on manufacturing and services to one based more and more on services alone. He does not expect importing labour to have much effect on the inflation rate.

"What Hong Kong is selling is cheap goods made in China and expensive services in Hong Kong," he says. "The price of non-traded goods in Hong Kong can grow much more rapidly here than in the US because productivity in the traded goods sector is growing much faster than it is in the US."

Hong Kong has almost doubled its labour importation scheme to 25,000 foreign workers in an attempt to deal with the colony's labour shortage, writes Angus Foster in Hong Kong. The decision was immediately criticised by trade unions and liberal politicians who claim the policy will keep wages down when inflation in Hong Kong is still above 11 per cent. The scheme, which brought in 13,800 workers from China and elsewhere in Asia in 1991, is for general occupations but does not cover workers for the colony's new airport. A separate scheme for the airport will be launched once construction begins next year.

Hong Kong



Source: Datastream

RAVENSCRAIG STEEL MILL

Shutdown blow to dock on eve of privatisation bid

By James Buxton, Scottish Correspondent

BRITISH STEEL'S decision to close its Ravenscraig plant in Lanarkshire was described yesterday as a "very serious blow" by the Clyde Port Authority which derives a third of its £12m revenue from steel-related business.

The decision has affected the bid to acquire the port from the port authority which is being submitted today by a management-employee team under the privatisation procedure for trust ports.

"If we had finalised our bid before we heard the news we would have had to amend it," said Mr John Mather, Clyde Port's managing director and leader of the team. "We only completed it today."

Mr Mather said he was shocked by the "speed and swiftness" of British Steel's decision which had come a year earlier than he had anticipated and as a result it had cerated a "very serious situation."

British Steel is closing its ore and coal unloading terminal at Hunterston on the Firth of Clyde which contributes £2.4m revenue to the port authority.

It will also stop exporting steel slabs from Glasgow, which is worth £2m in revenue.

A question mark hangs over the port's £1.2m a year dredging programme for the river Clyde because of the expected fall in revenue.

Today is the last day for submission of indicative bids for the port, which covers the Clyde estuary and whose traffic has drastically fallen in recent years. No other bidders have declared their hand.

The closure of Ravenscraig will also affect British Rail's freight operations in Scotland.

The 35 trains which run each way to and from the plant every week earn its Trainload freight business about £20m a year and directly and indirectly employ about 200 people. Ravenscraig accounts for 40 per cent of all Trainload operations in Scotland.

ScottishPower, the electricity company, will lose further business from British Steel as a result of the closure but says it had already obtained alternative business.

In 1990 British Steel plants in Scotland accounted for 561 GWh (gigawatt hours) or 8.1 per cent of ScottishPower's industrial unit sales.

However that was expected to be cut by 60 per cent to about 225 GWh with last year's closures.

ScottishPower's flotation prospectus said further steel closures could reduce unit sales by up to a further 150 GWh a year, though because of discounts to British Steel the fall in revenue would be less.

No estimate was given for the loss of electricity sales to companies supplying British Steel.

Fresh protest from bidder in trust port sale

By Richard Tomkins, Transport Correspondent

THE EMBARRASSING furore over the first trust port privatisation grew further yesterday as another of the frustrated bidders for Tees & Hartlepool protested to Mr Malcolm Rifkind, the transport secretary.

Maritime Transport Services, which operates the Thamesport container terminal in Kent, has written to him saying it does not understand how it lost to a rival bidder when it was offering the highest price.

The ports industry was astonished last month when Humberside Holdings, the second highest bidder, was awarded the port instead of either the highest bidder or the hotly-tipped management-employee buy-out team.

The issue will come to a head in the Commons next week when MPs are asked to approve an order allowing the government to claw back a proportion of any property profits made by Humberside Holdings after the sale.

G Plan cuts 600 jobs as recession bites

By Bethan Hutton

SIX HUNDRED jobs are to be lost with the closure of the G Plan furniture factory at High Wycombe, west of London - a traditional centre for manufacture in the sector.

The move comes as part of a retreat from cabinet-making by G Plan's owner Christie-Tyler, a subsidiary of Hillsdown Holdings, which bought G Plan in 1989.

Negotiations are underway to sell two other G Plan factories at Kings Lynn, Norfolk, and Ashford, Kent, to The Cabinet Makers, which will manufacture cabinets to be sold under the G Plan name.

Christie-Tyler announced yesterday that Spring Gardens factory at High Wycombe will be run down over the next six months.

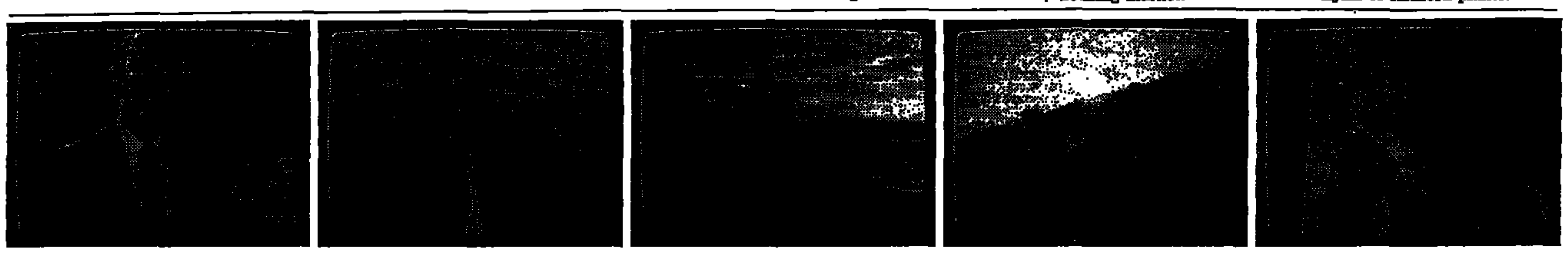
Mr Richard Willan, managing director of Christie-Tyler, said the cabinet-making side of the company's operations had been particularly badly hit by the effect of high interest rates on consumer spending and the housing market.

He said 30 per cent of furniture sales was related to people moving home, and was thus vulnerable to stagnation in the housing market. "Soft furnishings wear out and people replace them, but hard furniture is mostly bought for a new home."

Furniture manufacturing is one of Hugh Wycombe's traditional industries, and is one of the town's three largest sources of employment. Other manufacturers in the area include Ercol and Parker Knoll. G Plan is the first factory closure, but other furniture companies have announced redundancies.

The loss of 600 jobs will hit the local economy hard – the town's unemployment stood at 11,182 in November, almost treble the October 1990 figure.

The High Wycombe job centre said yesterday very few jobs were being advertised in other furniture factories. Christie-Tyler hopes that some staff will find jobs in the Kings Lynn or Ashford plants.



PRESIDENT George Bush will address the British next Monday night, not as a world statesman, but as star of an upmarket television commercial designed to sell America to holidaymakers, writes Gary Mead. "So what are you waiting for, an invitation from the president?" he asks in its rousing finale. The $3m campaign will run into April and is backed by over 35 US tourist companies. Alongside the TV commercial, showing in London, the south-east, Glasgow and Greater Manchester, ads will run in all national newspapers. Tourists spent some $53bn in the US in 1990 and perhaps as much as $58bn last year, according to Mr Edward Brook, president of the Travel Industry Association of America: UK tourists account for 10 per cent of that.

Bush sells America the beautiful while Britain sells a dream

By Richard Evans

THOSE MOST affected by the recession in Britain might not know it but Britain is a highly prosperous society enjoying unprecented wealth.

An official government handbook published yesterday, used by British diplomats to sell the country overseas, reveals a country with record amounts of leisure and holiday time, and a growing number of homeowners and shareholders.

The 43rd edition of Britain 1992 is intended to paint the country in the rosiest light and little mention is made of the effects of the recession or the impact of rising unemployment.

It nevertheless presents a comprehensive contemporary picture of British political and social affairs and gives an insight into changes over the last decade and more. The overall impression is of a nation of leisured couch potatoes whose life is governed by the acquisition of consumer durables.

In 1989, for example, 91 per cent of full-time manual employees were entitled to more than four weeks paid holiday, while in 1961, 97 per cent were entitled to only two weeks.

Share ownership has risen to one in four of the population in 1990 from one in five three years ago and one in 13 in 1979, and the number of people owning their own homes has risen nearly four-fold compared with 40 years ago. Home ownership in 1990 stood at 15m compared with 4m in 1951.

However, the average size of households has fallen from more than four people in 1911 to 3.09 in 1961 to 2.46 in 1990 as more people live alone. Television easily remains the favourite pastime, followed by listening to the radio, do-it-yourself, reading and gardening. More than nine in 10 households had colour television and almost 25 hours a week on average was spent in front of the set.

The 480-page glossy handbook shows that beer and lager continue to be the favourite tipple for men and women, and there has been little change in alcohol consumption over the last decade.

However, big changes have been recorded for cinema admissions which have increased by 84 per cent since 1984, mail order purchases up from 16m in 1981 to 20m a decade later, and car related crime, which now accounts for 25 per cent of all crimes compared with 10 per cent in 1957.

BRITAIN IN BRIEF

Fall reported in business failures

The number of business failures notified to Trade Indemnity, the trade credit insurer, fell in the fourth quarter of 1991, confirming its earlier view that the recession is bottoming out. According to provisional figures, business failures in the three months ending 31 December amounted to 1,953, 7 per cent less than the 2,100 reported in the third quarter. However the overall level of failures is still 49 per cent higher than in 1990. Business failures for the year as a whole were 72 per cent higher than in 1990.

Housing starts show rise

The government welcomed statistics showing a small rise in housing starts in November as evidence that conditions are beginning to recover for the beleaguered housebuilding industry. According to provisional figures, November housing starts rose from 11,900 a year earlier to 12,500. This helped lift housing starts in September-to-November 1991 by 7 per cent to 40,600, compared with a year earlier.

UTA acts to pacify members

The Unit Trust Association, in an effort to stem a wave of resignations by its life assurance company members, has agreed to add a statement of the life companies' views along with a controversial submission to the Securities and Investments Board. Last month, the UTA angered its life company members by describing the industry's sales abuses in unusually harsh terms, and criticising the life assurance sales commission structure which it said urged unsuitable products on an unsophisticated public.

Engineers lose confidence

Confidence has fallen again in the UK engineering industry, according to the latest quarterly survey by The Engineer magazine. After a slight rise in confidence during the autumn companies are about as unhappy as they were in June, and sentiment is not far off the "appalling" levels of December 1990, the magazine said.

Major urges tax increase

Mr John Major, the prime minister, has urged Western Isles council to consider a substantial increase in its poll tax in order to maintain services after losing £23m in the collapse of Bank of Credit and Commerce International. The islands' poll tax this year is only £26, after the government's £140 cut. Mr Major suggests the council should bring it closer to the Scottish average of £282.

SE expels Anthony Parnes

Anthony Parnes, one of three men jailed in 1990 for their parts in the Guinness affair, was yesterday expelled from membership of the Stock Exchange. The former half-commission broker, who had most recently worked with brokers Laing & Cruikshank before the Guinness scandal broke, served 11 months of a 2½ year sentence. He is the first member to be expelled by the Exchange since early last year.

Rail line to be reopened

A railway line that was closed in 1964 is to be reopened. The reopening of the line between Leicester and Burton-on-Trent, in the midlands of England, to passenger traffic is part of a £16m package of railway expansion which also involves the opening of a new station on the Birmingham-Derby line to serve the Toyota car plant at Burnaston, Derbyshire. Fifteen other stations will be opened or re-opened.

Influenza fears fail to raise the temperature

By Jimmy Burns

DOCTORS yesterday reacted angrily to reports that Britain could be one the brink of a major flu epidemic which could severely hit an economy already in the grips of a grave recessionary illness.

The Royal College of General Practioners, the medical body responsible for monitoring flu cases in England and Wales, last night said there was "no evidence" that the country was on the brink of an epidemic.

Figures to be published today by the Royal College will show an increase in flu cases, but well below the benchmark above which health experts begin to get concerned.

"GP's have enough work to do without people being worried unnecessarily," a spokesman for the College said last night.

In London, the Confederation of British Industry, appeared to be similarly unimpressed by the suggestion that the killer A-Beijing flu virus could soon be bringing the capital to its metaphorical knees.

In Birmingham, health authorities reported much higher tha average levels of emergency medical admissions, but not necessarily flu-related.

Reports in some newspapers this week that 'a killer flu virus' was heading for London have drawn comments from the Influenza Monitoring and Information Bureau.

Its spokesman Mr Richard Kenyon said there was little chance that London would escape the flu outbreak.

He advised sufferers: "Don't try to soldier on or go to work."

The IMIB is a public relations company funded by four companies, one British, two French, and one Dutch, which manufacture anti-flu jabs and medicines.

Epidemic or not, yesterday was a good day for several pharmaceutical companies who produce pills and powders for sniffers throughout the UK.

Shares of SmithKline Beecham, Wellcome, and Rekitt & Colman were all up on the London Stock Exchange by the close of trading yesterday.

Liberals plan £3.3bn scheme for recovery

By Alison Smith and Paul Cheeseright

THE Liberal Democrats stepped into the pre-election campaigning yesterday with the launch of a document on the first steps to be taken towards "national recovery and regeneration" after the election.

Mr Paddy Ashdown, the Liberal Democrat leader, (pictured right) said the party was not offering "quick fixes or slick solutions".

Among the measures planned is a package costing £3.3bn and aimed at getting 400,000 people back into employment within 12 months, to be financed by public sector borrowing. The Liberal Democrats are the only party to commit themselves to such a specific outturn to their economic remedies.

While Mr Ashdown promised "positive politics" in contrast to the beginning of a campaign "characterised by insults and half-truths", the Tories kept up the attack over Labour's plans to remove the ceiling on national insurance (NI) contributions, and Labour's economic team took the opposition's campaign to the West Midlands.

At a series of strategy meetings with colleagues in Downing Street, Mr John Major, the prime minister, began two days of intensive discussion on the manifesto and campaigning tactics and timing in the run up to the election.

In Birmingham, however, Mr John Smith, treasury spokesman, called on the prime minister to use the two days of meetings to produce a programme of action for taking Britain out of recession.

Accusing ministers of complacency he said that if the government ducked the challenge of taking action it "will have been exposed as unfit to carry the responsibilities of government".

The Liberal Democrats also used yesterday's launch to unveil a new slogan "My vote - Liberal Democrat". Its aim is to get supporters to stand up and be counted, enabling the party to break through the barrier in which people who support it fear wasting their vote.

The first steps proposed in the Liberal Democrats' paper include proportional representation for parliamentary elections; a package to increase employment which is in some ways similar to Labour plans, as well as giving the Bank of England independence and moving to the narrow band of the Exchange rate Mechanism.

Mr Chris Patten, the Tory party chairman, accused the Liberal Democrats of trying to deceive people "by publishing only a carefully sanitized version of their programme".

ITV groups compete for teletext franchise

By Raymond Snoddy

THE ITV companies are planning to bid against each other for the UK's commercial teletext franchise.

Oracle runs the present ITV teletext output – the news and information service broadcast on spare lines in the television picture and available in more than 40 per cent of British homes. It is a wholly-owned subsidiary of the ITV companies and is working on its own bid for the franchise.

But Oracle, which has turnover of about £10m and pre-tax profit approaching £3m, is to be opposed by a consortium being put together by Independent Television News, which is also a wholly-owned subsidiary of the ITV companies.

Anglia and Yorkshire are believed to be seriously considering backing the ITN bid. Scottish Television has been approached but is considering its position.

To add to the complexity two of the new franchise winners are planning bids. Carlton Communications may bid with Intelfax, which provides the information for Channel 4's teletext service.

MAI Broadcasting, the company behind Meridian, winner in the battle for the franchise for the south of England, is also considering involvement in a bid, as is TV-am, the loser of the commercial breakfast franchise.

Some ITV managing directors believe the situation is "totally dotty". Others suggest that by mounting more than one bid they will have a better chance of winning.

The government decided that the commercial teletext franchise should, like the ITV franchises, go to the highest bidder. Bids are due in at the Independent Television Commission by January 20.

The prospect of some ITV companies apparently bidding against themselves seems to stem from the new imperative at ITN to make a profit. ITN provides the news elements for Oracle service, at a cost estimated at £1m a year. It receives a fee of about £50,000.

Oracle, it is believed, was planning to go to a new supplier of news after being asked by ITN for the full cost of news provision plus a profit.

In return ITN decided to try to get the business for itself with a number of ITV companies.

IRA bombs fail to break Belfast's heart

But despite the stoicism Tim Coone finds growing concern at the terrorists' campaign

BUSINESS as usual" signs pasted over boarded-up shopfronts greet 1992 in Belfast's city centre.

Shoppers glance upwards with curiosity at windowless office blocks, as workmen scoop up piles of shattered glass with shovels and rip out warped window frames with crowbars.

The new year started with two explosions in the heart of the city. Between them they are likely to cost the British taxpayer some £10m in indemnity payments.

The two IRA bombs which devastated two Inland Revenue buildings and damaged scores of shops, offices, restaurants and bars at the beginning of the week, have created an atmosphere reminiscent of the war time Blitz.

But behind the doughty resilience of this city's population, now accustomed to the tribulations caused by 22 years of IRA bomb damage, there is growing concern over the government's security policy and its response to the renewed IRA bombing campaign which its leaders have warned will intensify this year.

The area manager of Guardian Royal Exchange, whose offices were extensively damaged in Monday's blast, said: "There is a feeling in the business community that the security forces could do a little bit better and that it is time to take the initiative and go after these guys".

Unionist leaders made calls this week for stepped up security to focus on Republican strongholds within the city. Criticism has been levelled at the army for withdrawing 500 troops just before christmas, brought into the province one month before in response to the renewed campaign.

Part-time soldiers of the Ulster Defence Regiment were called out yesterday for full-time duties in Belfast after a spate of terrorist violence writes David White. The measure, which follows demands for army reinforcements in response to recent IRA bomb attacks, affects several hundred soldiers belonging to two UDR battalions in the greater Belfast area. Britain currently has 10,800 regular troops in northern Ireland, plus 6,100 UDR members, of whom about half are part-time.

That criticism may be shared at senior levels within the Northern Ireland Office (NIO), the government body responsible for the administration of the Ulster province which foots the bills for the IRA attacks. Insurance companies stopped providing cover for bomb damage in the 1970s.

Those bills have been rapidly mounting. Last December the NIO announced a moratorium until next April on capital spending in the province in order to meet the costs of the clean up of firebomb attacks. A major bomb badly damaged the Europa hotel and the Grand Opera House in the city centre on December 4th.

The manager of a leading glazing firm in Belfast said: "That bomb caused some £5m in damage, about 20 per cent of it in glass. What we are seeing is as bad as we had in the 1970s, although it was more continuous then".

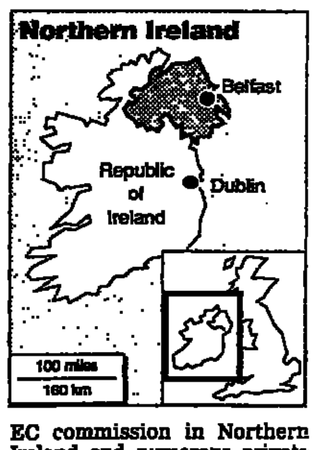
In the 1990/91 fiscal year, the NIO paid out £22.7m pounds in indemnities for property damage in Northern Ireland. The damage from the bomb attacks in Belfast's city centre in the past month alone is unofficially estimated at some £15m-£20m.

Mr Richard Needham, the NIO's minister for economic development, remains upbeat. There is no intention to change the NIO's policy on indemnification, which amounts to an open-ended commitment, and he optimistically views the bombing campaign as an opportunity to reconstruct Belfast's city centre.

The process of compensation is slow however. The owner of Joxor's bar and restaurant, just around the corner from the Europa hotel has had his windows blown out three times in four weeks.

He says the total cost will come to some £20,000 and that on past experience it will probably take up to two years before the NIO compensation is paid in full. He smiled: "The bank manger has been very sympathetic - he's had his windows blown out as well".

Close to Joxor's is Windsor House, the tallest office block in Ireland, and home to the Inland Revenue as well as the EC commission in Northern Ireland and numerous private offices, which was extensively damaged in last Sunday's blast. Some 1,000 people work there. Plywood eyes now stare out over the city where the windows once were. Piles of paper litter, blown off desks and out of filing cabinets, lay in sodden heaps on the pavement in the wintry rain.



Despite the disruption, there remains an air of determined optimism. Christmas trade was better than expected for most, and the NIO's indemnification policy allows tradesmen to view their reverses with a detached black humour.

Should the bombing campaign continue, as threatened by the IRA, many businessmen do nonetheless fear a downturn in trade. They say intensified security checks causing traffic congestion, often cause more disruption than the bombs themselves.

Mr Needham believes the IRA's latest campaign is an act of desperation and that the tide has turned against them: "They cannot hope to win power as they once did, with the Armalite in one hand and the ballot box in the other. Their support is falling. They are terrified of a schism in their ranks. If they give up what can they bargain with? Their alternative is to carry on with a policy knowing they cannot win".

Is Sinn Fein, the political wing of the IRA, hoping to bomb its way to the negotiating table then? "There is no possibility of that while they continue to support violence," said Mr Needham. When asked about statements made this week by Mr Martin McGuinness, a Sinn Fein leader, who said that his party will "make it as easy as possible" for the British government to open a path to the negotiating table, Mr Needham replied:"We are living in interesting times".

TECHNOLOGY

Driving away in comfort

Interior lighting and air conditioning, two elements of cars which usually receive little promotional attention from their manufacturers, have been the subject of intensive development by research engineers at Nissan.

The results of their efforts provide another example of how Japanese manufacturers are prepared to probe into unlikely nooks and crannies of product development in search of market advantage.

The interior lighting comprises a computer-controlled system with an array of functions which "welcome" occupants aboard and make it easier to find small objects which often roll under seats.

The air-conditioning system has the ability to simulate a natural breeze, while taking account of weather conditions outside the car.

Nissan claims to have spent three years developing its interior lighting system, which uses 21 light sources scattered around the car. It has been designed according to two criteria: to facilitate activities such as map reading, and to create a comfortable ambience.

Aircraft-style roof spotlights are provided for driver and front passenger. Because such concentrated light over a small area can produce eye strain, soft bands of "fill-in" light can be projected on to the roof lining from the pillar areas. The floor and under-seats are illuminated by indirect lighting.

The air-conditioning system, which sees its first use in Nissan's new CIMA Type 3 luxury saloon, is impelled into the interior by a fan through a network of four ducts. The fan is micro-processor controlled both to vary its speed, apparently at random, and to adjust itself in response to temperature changes and sunlight.

The four ducts are covered by motor-driven louvres. These can change the direction of the impelled air and its "focus" from highly concentrated "spot" delivery – used when occupants first get into a hot car – to a more diffused type, with the air flowing gently back and forth across the car.

John Griffiths

Christopher Price explains the way technology has changed the nature of music

Sound and the fury

Several years ago, acoustic consultant Jim Griffiths was watching the rock band AC-DC in concert and told the sound engineer that the music was too loud, distorted and muffled. "He said 'brilliant' and thanked me," says Griffiths.

Not so these days. Quality is at the forefront of concert technology and the archetypal modern sound engineer will be an expert technician, have a flair for acoustics and be in bed by 9.00.

"The intelligent engineers are the ones still touring," says Griffiths. "The physics might be the same, but the technology to tackle the problems has changed and with it the role of the engineer. They can't afford to have hangovers."

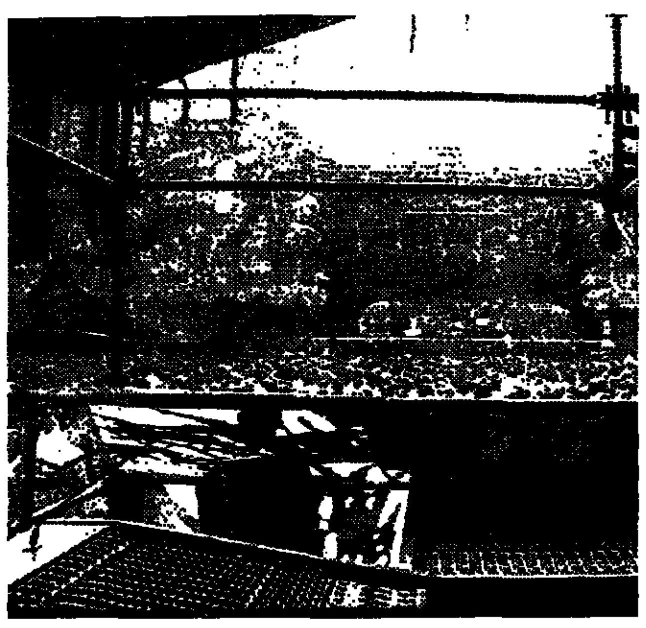
The pace of technological change in the concert hall has been dictated by developments in digital electronics and other equipment for recording studios. There have also been advances in other facets of the sound process and, in particular, the attention paid to acoustic technology.

Despite the engineers' metamorphosis, the actual procedure for staging a concert has changed little over the past decade. All instruments are plugged into a stage box – an electronic collection point – which contains a pre-amplifer to boost the signal. The signal is split, one half going to the main "front of house" mixing desk and the other to a smaller mixing console which serves the performers on stage. At the main mixing desk an engineer processes the sound through filters, effects and the main amplifier. The level of sound is then set and the signal passes to the main PA (public address) speakers.

Concert sound quality of all musical persuasions in the 1960s, 1970s and early 1980s was dictated by the size of the amplifiers, small by today's standards, which were frequently turned up to full volume and carried consequent distortion. Further sound quality was eroded by the use of traditional electronic components like copper wires, valve technology and the poor siting of speakers.

But in the early 1980s developments in digital technology began to filter their way into the recording studio. Before long, artists had begun to demand the same equipment live to reproduce their studio performance.

Most mixing consoles still use analogue technology, but augmented by an increasing amount of digital equipment,



Artists from Iron Maiden to Frank Sinatra demand state-of-the-art systems at their concerts

particularly in effects units, amplifiers and transformers. Technicians have also concentrated their development efforts on nearly every other aspect of the production process. "While there hasn't really been a great leap forward in any one direction, there has been a great amount of fine tuning in most areas," says Steve Spencer, sales manager at Brittania Row, Europe's leading concert equipment hiring organisation.

Speakers, for example, are being made lighter and more responsive by using ceramic instead of alloy magnets. Harder kevlar cones are replacing traditional paper ones. Many of the developments are being achieved by small, independent companies specialising in one or two areas of the production cycle.

Turbosound, for example, a Sussex-based company which has become a leading supplier in the world concert market, has developed a bullet-shaped horn and phase plug which sits at the face of the speaker cone, concentrating the energy from the speaker and producing a crisper sound.

Other areas too have advanced. The stage box is now a complex centre of active electronics, the sound signal now being boosted by a digital amplifier and split electronically rather than simply by a division of the carrying cable. The cables themselves are starting to benefit from fibre optics, replacing the heavy copper wiring and producing a clearer defined signal.

Amplifiers have also benefited from development. "The improvement in amplifiers in the last 10 years has been quite considerable," says Jon Lemon, an engineer who has worked most recently with the Pet Shop Boys and Level 42. "They're now producing a sharper, cleaner sound with much greater power due to better components."

Technological developments are only part of the story. Griffiths, who works for Travers Morgan, one of a growing number of acoustic consultancies, says there has also been a change in attitude by production staff to the physics of concert quality. "Engineers are looking at acoustics much more. It's not enough to have two stacks of speakers at a venue pointing at the audience and hope the sound will be alright, because often it won't, even with the most advanced system."

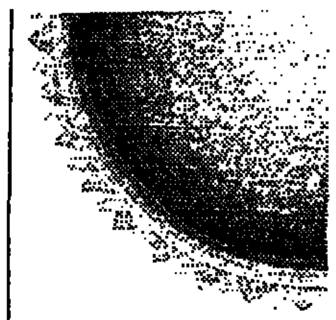
The concept driving better quality is "line array", which determines the coverage pattern of the speakers and gets the best coverage of sound to a particular area. To achieve this, engineers employ an Audio Spectrum Analyser (ASA) which measures the depth and level of sound across a given area. It divides the concert hall space into octaves in the range of 20Hz to 20KHz.

Pink noise – made by a sound generator and reminiscent of the hiss of compression brakes – is generated through the speakers. Microphones, connected to the ASA at strategic points in the auditorium, measures the amount of pink noise. An LCD display then tells the engineer which areas of the hall need compensating.

It is areas such as sound compensation where the development of digital technology, and in particular digital signal processing (DSP), has made itself felt. DSP works by converting sound signals into a digital data stream which is fed through computers and manipulated by the engineer.

Spencer reckons that a modern sound system for a major concert tour will cost in the region of £750,000 – twice as much as it did a decade ago. But there have been major savings along the way. "Smaller and lighter equipment has meant a considerable saving on transport and labour costs," he says. "A major tour today will use just one articulated lorry for the sound equipment where four would have been needed a decade ago."

One effect of the improved quality has been the demands of performers. All want the top-of-the-range, state-of-the-art systems at their concerts. "Iron Maiden and Frank Sinatra both used the same system on their last tours," says Spencer. "Ten years ago one would have approached the problem of their sound needs differently, but not anymore."



WORTH WATCHING

by Della Bradshaw

At the wheel of a virtual car

NEC, the Japanese electronics company, has developed a virtual reality network system to enable designers in multiple locations to work together in real time, designing three-dimensional objects, writes Steven Butler.

The company has written software for the design of a car body which, when goggles are donned, appears in three-dimensional space on a high-definition computer screen. The parts of the car can be manipulated and reshaped by moving hands inside gloves attached to sensors. On the screen, what appear to be disembodied gloves actually move the objects about.

The breakthrough, say NEC scientists, came in reducing the information flow between remote computer terminals so that the exchange could be handled by ordinary engineering work stations. Designers working at any terminal linked together can each reshape objects on the screen at the same time.

NEC admits the system is still fairly primitive and is unlikely to have commercial applications for several years. The level of detail on the screen is low, and the gloves are still not sensitive enough.

One goal will be to increase the size of the system so that objects, like cars, can appear in three dimensions at full size.

Sewage sludge a slick business

SEWAGE sludge is a problem most people try to ignore. But with legislation to be enforced in the EC in 1998 which forbids the dumping of sludge at sea, European water companies are not looking at alternative methods of disposal.

One that promises to bring economic as well as environmental benefits turns the sludge into a medium fuel oil, similar to diesel, which could be used to drive low-speed engines, fire furnaces or even generate electricity.

The "oil from sludge" process involves heating dried sludge to 450 deg C in the absence of oxygen, which vaporises 50 per cent of the sludge. These vapours are then mixed with the char residue which converts the organics in the sludge to saturated hydrocarbons, the main ingredient of all liquid fuels.

Promoters of the technique say it costs up to £32 per tonne to dispose of the dried sludge, compared with at least double that amount for incineration. Capital and running costs are also reduced.

The first plant incorporating the technique will be built in Canada this year. In the UK and Ireland Acer Consultants, of Guildford, and the Australian company Campbell Environmental, are providing engineering services for plants using the technology.

Thumbs up to control device

A TINY control device, just 1.6 inches square, could replace the ubiquitous computer mouse for use with laptop computers.

The Thumbelina incorporates a mini-trackball, which can be moved around using the thumb while the device is held in the palm of the hand. Two buttons on the surface enable the user to "click" on to files. A third button enables the user to highlight chunks of text or data by "clicking" on at the beginning of the section and a second time at the end.

Because it has a three-feet long cable the Thumbelina, which has been developed by Appoint, of Paso Robles, California, and is sold in the UK by KSI, of Milford-on-Sea, Hampshire, can also be used for giving presentations.

R&D spending growing slowly

SPENDING on R&D in the US in 1992 will grow in real terms by less than 1 per cent over 1991, according to the annual forecast from Battelle, the Columbus, Ohio-based research organisation.

Battelle predicts that annual spending will reach $155.9bn (£85.6bn) this year, an increase of just 2.8 per cent on the $151.6bn that the National Science Foundation estimates was spent on R&D in 1991. When inflation at 2 per cent is taken into account, this reduces the increase to less than 1 per cent – compared with the 3.3 per cent average annual increase in spending between 1981-84.

Industrial funding will account for 51.6 per cent of the total, says Battelle, with federal funding accounting for 43.3 per cent.

LCD heads for the big screen

A LIQUID crystal display big enough for the screen of a portable television set, has been developed by Sharp Corporation in Japan.

The 16.5-inch screen uses thin film transistor technology in which each of the pixels (picture elements) that make up the screen is controlled by three transistors – one for each primary colour. The latest Sharp picture has more than 1.2m pixels and can handle wide-screen television broadcasts.

Sharp says the screen is also the first LCD one which can be used with personal computers for multimedia applications, combining data, video and sound.

Keeping DIY on an even plane

PROVING yet against that the simplest ideas are the most effective, a French company has combined a spirit level with a line winder to produce a tool which could benefit even the most clumsy do-it-yourself addict.

The Filabulle, marketed by Rauh, of Paris, allows one person to check surfaces of up to 50 yards. A hook at the end of the line winder – a length of string which unwinds like a tape measure – fastens the line to the surface to be checked. The line is then unwound and the small spirit level slides along the cord. If the surface is not horizontal, the correct plane can be found by raising or lowering the line winder.

Contacts: NEC: Japan, 03 3454 1111. Acer: UK, 0483 304522. Appoint: US, 800 448 1184. KSI: UK, 0590 644255. Battelle: US, 614 424 3889; UK, 071 493 0184. Sharp: Japan, 06 625 3007. Rauh: France, 1 47 09 36 72.

FT LAW REPORTS

Digest of cases reported in Michaelmas Term

R v MONOPOLIES AND MERGERS COMMISSION, EX PARTE SOUTH YORKSHIRE TRANSPORT LTD AND SOUTH YORKSHIRE TRANSPORT AUTHORITY
(FT, December 6)

The South Yorkshire Passenger Transport Authority owned the entire share capital of South Yorkshire Ltd which was a public transport company providing local services in South Yorkshire, West Yorkshire, Derbyshire, Nottinghamshire and Humberside. Although acquisitions of other transport led to a reference to the Monopolies and Mergers Commission, at first instance, it was held that there had been no merger situation qualifying for investigation on the ground that the reference area was not a "substantial part" of the UK. Upholding that decision by a majority, the Court of Appeal stated that, in context, "substantial part" had quantitative and qualitative connotations, used in a comparative sense, the comparator being the whole of the UK, Great Britain and Northern Ireland. "Important", "special" and "significant" though the reference area might be, especially for those who lived and worked there, there were many other such areas in the UK and the reference area did not qualify for the description of "a substantial part of the UK".

ATTORNEY GENERAL BY THE RELATION OF YORKSHIRE DERWENT TRUST LTD AND OTHERS v BROTHERTON AND OTHERS
(FT, December 10)

The action was between the owners of land in Yorkshire through which the River Derwent flowed and the defendants concerned to protect any public navigation rights on the river. On a preliminary issue in the action, the question was whether section 1 of the Rights of Way Act 1932 applied to public rights of navigation. Mr Justice Vinelott had answered in the negative but his decision was reversed by the Court of Appeal. Allowing the landowners' appeal, the House of Lords stated that section 1(1) referred to "user" by the public and of the way being "actually enjoyed" and "dedicated" as a highway. It was clear that what was being referred to in "a way ... upon or over land" was the physical site on which the feature described as "the way" ran. An ordinary English reader would not consider that "a way upon or over land" was apt to refer to the permanent feature of a lake or river running through land, or would think of "land" as referring to the surface of the water.

THE MOTOR VESSEL P
(FT, December 11 1991)

The buyers had agreed to buy the P from the sellers by a sale contract in a memorandum of agreement (MOA) form but, by the completion date, the parties were at loggerheads over the ship's condition. The buyers obtained an injunction to give the sellers notice "forthwith" but that the order should not take effect until payment of the purchase price and/or delivery of the vessel. When the injunction was obtained it was believed the court had jurisdiction to make a Mareva order when the buyers, under an MOA were about to pay and take delivery, but they also wanted to make sure that a sufficient part of the price would remain in London. The Court of Appeal had since held that no such jurisdiction existed (see Veracruz 1, FT, November 19 1991). Further, the buyers were not justified in making the application ex parte because they had nothing to lose by giving advance notice.

DEUTSCHE BANK AG v IBRAHIM AND OTHERS
(FT, December 13)

In order to secure a loan, the defendant offered the plaintiffs' bank the title deeds to two flats in London. Neither of the leases was granted to or registered in the name of Mr Ibrahim. The tenants and registered leasehold proprietors of the flats were his two daughters. In the present proceedings the bank claimed a declaration that it had valid equitable mortgages of the two leases while the daughters counterclaimed for delivery up of the leases. Dismissing the bank's claim, Mr Newberger QC, sitting as a deputy Chancery judge, held that where a father provided purchase money for property for his children, there was a presumption of advancement that the property was not held in trust for him but beneficially vested in the children in whose names they had been acquired. However, even though the evidence showed that the daughters had authorised the deposit of the title deeds with the bank, they could defeat the bank's claim because they could rely on the absence of any written memorandum by them sufficient to satisfy section 4 of the Statute of Frauds 1677 so as to answer for the debt of another.

UNION TRANSPORT plc v CONTINENTAL LINES SA AND OTHERS
(FT, December 17)

A charterparty was concluded between the defendant shipowners, domiciled in Belgium, and the charterers who commenced proceedings in the Commercial Court claiming damages because the shipowners had failed to nominate the vessel to lift the cargo. The charterers contended that "the place for performance of the obligation in question", namely the shipowners' contractual duty to nominate a vessel, was in London. Therefore under Article 5(1) of the Brussels Convention the shipowners could be sued in the UK. The shipowners argued that since the obligation to provide a vessel was not to be performed in England, the charterers could not found jurisdiction under article 5(1). They therefore applied to set aside the writ and service but their application was dismissed. The Court of Appeal dismissed the shipowners' appeal, who now appealed from that decision. Dismissing their appeal, the House of Lords stated that the obligation in question was the obligation to nominate a vessel, and that the place for performance of that obligation was in London. Accordingly the English courts had jurisdiction under article 5(1).

BP OIL DEVELOPMENT LTD v INLAND REVENUE COMMISSIONERS
(FT, December 18)

In 1985, BP agreed to transport and process pipeline liquids from a field owned by the Marathon Oil group by pipeline that was owned by Marathon and then connected to the BP's pipeline in Scotland. Section 6(1) of the Oil Taxation Act 1983 provided that in computing assessable profit or allowable loss the positive amounts (price received for oil won) included "tariff receipts" attributable to that field. By subsection (2) the tariff receipts were the aggregate of the amount of consideration received by the participator in respect of "(a) the use of a qualifying asset; or (b) the provision of services or other business facilities". BP appealed to the special commissioner against the assessment to PRT, claiming it was entitled to separate tariff receipts allowance in respect of each of the qualifying assets which it made available for use by the Brae Field. Dismissing BP's appeal, the House of Lords stated that the amount of qualifying tariff receipts to be reduced under section 9(1) was the whole of the qualifying tariff receipts – not particular discrete amounts of qualifying tariff receipts derived from the use of particular assets.

ITALIA EXPRESS
(FT, December 20)

Mr Ventouris claimed $4m against Mr Mountain as a representative of Lloyd's underwriters under a war risks insurance policy for the vessel, Italia Express. The underwriters contended that the loss was caused by Mr Ventouris's alleged wilful misconduct, and the mainstay of their case was the evidence of Mr Georgis Dimitrios Ventouris (GDV), his first cousin. The court was asked to rule on the admissibility of a large number of tape recordings under the Civil Evidence Act 1968 made by GDV in conversation with divers and others alleged to have arranged for the sinking of the vessel. The underwriters submitted that the statements on the tapes were statements made in a document "admissible as evidence of the facts stated therein, of which direct oral evidence by them would be admissible" under the Act. Refusing the application, Mr Justice Hirst stated that the principle objects of Part I of the Act (sections 1 to 10) were to ensure that all first-hand hearsay statements were admissible provided certain conditions were fulfilled, and to allow second-hand hearsay to be received if contained in a record. It would be highly anomalous if the principle, clearly enshrined in section 2(3), that oral statements should be first-hand did not also apply to documentary statements.

Aviva Golden

North Sea

Sharpening up the safety drills

Deborah Hargreaves looks at moves to tighten procedures in the offshore oil industry

North Sea oil operators have always stuck to a complex set of regulations on safety.

But since an explosion ripped through the Piper Alpha platform three-and-a-half years ago, killing 167 men, the industry has overhauled its approach to offshore safety.

"The fact that Piper Alpha could happen fundamentally changed the industry's perception," said Harold Hughes, director-general of the UK Offshore Operators Association, the industry trade group.

"We thought the systems in place would stop an incident such as that before it turned into a major conflagration."

The change in the approach to safety management was embodied in the Cullen report on the Piper Alpha disaster.

Lord Cullen recommended technological innovations to improve safety, such as the installation of emergency shutdown valves, and the industry has spent more than £1bn on hardware since the report was published. But more importantly, he urged a revamp in the way safety was managed.

Lord Cullen called for a move away from proscriptive measures taken in the past, where safety regulations would be laid down in minute detail, to a more flexible regime which left individual companies to develop their own guidelines.

"The industry had got itself into the position where it tried to dictate what to do in every circumstance," said Bob Sheppard, production manager at the UK arm of Amoco, the major US oil company.

"If everyone just follows the rules without thinking, you have removed one of the most effective safety checks, and that is individual initiative."

By the end of this year, all of the companies operating in the UK sector of the North Sea must hand over their safety management guidelines for review to the Health and Safety Executive which took responsibility for offshore safety after the Cullen report.

The Offshore Safety Bill is also expected next month to enshrine many of Lord Cullen's recommendations into law. But the oil unions have been critical of the speed of implementation.

Ronnie MacDonald from the Offshore Industry Liaison Committee says that many of Lord Cullen's safety recommendations are still being ignored.

In their defence, companies point to the mammoth task of drawing up a safety case for each North Sea installation which must then be checked by the HSE. For Amoco, that means developing safety guidelines for each of its 32 installations – all of which are based on the company's central management philosophy but are tailored to the particular risks of the facility.

Sheppard has been working with employees to update the company's safety procedures for the past three years and stresses the importance of involving workers across the company from an early stage. "One of the things we found is that safety is often perceived as someone else's problem, whereas we wanted everyone to see it as his or her responsibility."

After consultations with employees on safety measures and talks with executives on how these fit into the company's business plan, Sheppard has drawn up a volume of guidelines on safety management which must then be communicated to workers across the company.

He says the most difficult thing has been to draw the line between formulating exhaustive regulations and giving no management guidance at all.

"We want a system that is flexible enough to be easily changed by the workforce."

The new approach to safety management tries to address the root cause of any emergencies that may arise, rather than safety drills and evacuation procedures which are already well-rehearsed. Sheppard points out that the procedure for any general maintenance job would, under the old regime, have been detailed point by point.

"Under the new regime, we are trying to examine the rationale behind that procedure and whether it gives us a way to spot the hazards and do the work in a really safe way."

This approach to safety has been greeted with a certain amount of scepticism by the company's employees. For this reason, Sheppard stresses the importance of encouraging workers to come up with new safety ideas and then acting on them. "The management must also demonstrate that safety is good business practice and that the individual will not be penalised if decides to close an installation because of a perceived safety problem."

The system in place on each installation is checked by a series of audits conducted by competitors as well as the company itself each year.

"This is not an old-style count of the safety hats and shoes, but a look for suggestions as to where concrete improvements in the system can be made," said Sheppard.

But MacDonald suggests that there are improvements to be made even in counting the safety equipment. He describes a gas leak that took place on one of Chevron's Ninian platforms in early December. When it came to the evacuation procedure, there were not enough of the survival suits – clothing designed to protect workers from a drop into the sea – to go round.

Hughes at UKOOA acknowledges that there could be a problematical period over the next two to three years as new legislation is still to be passed and old rules are being phased out. He says that change must be gradual. But in a business where employees' lives are at risk every day, managers cannot afford to make mistakes.

When service with a smile is missing by a mile

Why is it that supposedly excellent service organisations seem to slip up when my friends, family or I have dealings with them? If it were just because we are a pernickety lot, then we would presumably harbour the same complaint about the quality of products.

But we don't: in our experience, products with really good reputations generally seem to live up to their promise these days.

The reasons usually given for the patchy quality of most services relate to their supposed intangibility, and to their undoubtedly high reliance on that most fallible of factors, the human being. But there is more to the problem than that – as several supposed paragons need to recognise. Take Federal Express. The air courier company has become the subject of countless business school case studies on service excellence, and in 1990 it was the first leading service company to win America's Malcolm Baldrige National Quality Award.

Yet I have refused to use FedEx ever since the mid-1980s, when I was billed for months in error for a package sent from New York to London. To add insult to injury, the company sent its threatening letters from Paris, and in French! Neither its Paris office nor its UK counterpart ever acknowledged my desperate protestations to them.

Similar stories from a business acquaintance suggest that such problems arise not merely from the human errors of a few operatives, but from system design faults.

Then there are Marriott and Hyatt Hotels, few of whose staff around the world I have ever found as helpful as they are supposed to be. The Marriott name has earned a double black mark in my book for supplying food tasting like disinfectant on successive airline flights from three different airports a couple of years ago.

Again, individual human error could hardly have been the cause of precisely the same recurrent lapse in quality – there must have been some sort of system fault.

Hertz car rental I shall avoid for ever – in America anyway – because of the chaos of its Boston airport operation one day in 1988, when a thrice-promised shuttle bus failed to show up, and I then had to queue for over an hour to collect a pre-booked car.

Which brings us to the most instructive case of all, British Airways. In almost every respect, the quality and consistency of BA's service improved immeasurably during the 1980s. One came to expect the sort of dependability which is praised to the skies – as is that of FedEx and Marriott – in a useful new handbook on the management of product and service quality by an American consultant, Richard Whitley.* But then, as the recession tightened its grip in 1991, things began to slip.

Take just three experiences. First, the number of ticket desks at Heathrow were pared to the bone, creating long queues of angry passengers.

Second, during the Gulf crisis, my wife's written questions to BA about apparent security lapses were answered by its customer service staff only with considerable delay and meaningless platitudes.

Worst of all, BA's upgraded Economy class service on long distance flights – much-hyped under the "World Traveller" label since January 1991 – has been marred by the meanness of its legroom.

Most of its 747s have less space not only than many BA competitors, but also than the airline's own European flights. What on earth can be the sense of providing less space on long distance than on short-haul flights?

Whereas BA's inadequate response to the security query was, one hopes, a single individual's lapse from the normally prescribed level of service, the ticket desks and seating problems are both system faults: dubious economies in the design of products which form part of a service.

For my money – which I now prefer to pay to roomier rivals such as American Airlines, or even shabby TWA – the legroom issue is so fundamental on a long flight as to rupture entirely BA's much-promoted "service promise" of all-round high quality.

In 1990, BA claimed that it could not afford the £50m-£100m in annual lost revenue and engineering costs that the provision of an extra two inches of legroom would involve. Now, faced with roomier transatlantic rivals offering much higher service quality than did Pan American and TWA, it may find it cannot afford not to.

For FedEx, Marriott, BA and their many would-be emulators of "excellence", what are the lessons of these lapses?

First, that product and service quality are intertwined in intimate fashion. Quality service is not merely a question of getting one's front-line staff to behave impeccably in every one of their hundreds of daily customer contacts – which Jan Carlzon, the saviour of Scandinavian Airlines (SAS) almost a decade ago, rightly called "moments of truth".

Second, every aspect of the product and service must be designed, produced and delivered correctly – every time, and *ad infinitum*. As BA and especially SAS have found, the people-intensity of a service makes its quality far harder to sustain than that of a product.

Third, as Whiteley's book argues, companies must adopt more of the measurement and research techniques which are available to transform many intangible aspects of a service into tangibles. By measuring constantly every customer – and employee – attitude in sight, BA has done a more professional job than most, even if it sometimes turns a blind eye to the results.

Fourth, service companies must realise that as the pace of innovation quickens, and as many markets – such as airlines – become liberalised or simply more competitive – like retailing – last year's "excellent" service may be this year's also-ran.

Underlying everything is the fact that customers who now demand a consistently high level of quality in products – even in low-priced ones – are starting to do the same in services. Such high expectations are fostered still further by the sort of hyperbolic advertising campaigns which service organisations, especially airlines, tend to run.

In the past, customers took such overblown claims with a generous bag of salt. In future they will be less forgiving. They will penalise organisations which fail to sustain the promised level of quality. They will, like yours truly, take their business elsewhere.

* *The Customer-Driven Company. Business Books (Random Century)* £16.99.

Christopher Lorenz

BUSINESSES FOR SALE

LEGAL NOTICE

Registered in England and Wales
Company No: 1423963

INSOLVENCY ACT 1986
Resolutions of
Precision Machining (Wellorge) Limited
PASSED 16 December 1991

At an extraordinary general meeting of the above named company duly convened and held at the Grand Hotel, Colmore Row, Birmingham, on 16 December 1991 the following resolutions were passed: No 1 as an extraordinary resolution and No 2 as an ordinary resolution:

1 That it has been proved to the satisfaction of this meeting that the company cannot, by reason of its liabilities, continue its business and that it is advisable to wind up the same and THAT accordingly the company be wound up voluntarily.

2 THAT David John Corney, of Cork Gully, 43 Temple Row, Birmingham, B2 5JT be and is hereby appointed liquidator of the company.

Dated - 16 December 1991

J Ellis
Chairman

At a meeting of creditors held on 16 December 1991 the creditors confirmed the appointment of D J Corney as liquidator.

Dated - 16 December 1991

W Dann - Chairman

NOTICE TO CREDITORS TO SEND CLAIMS

THE INSOLVENCY ACT 1986 LECO HYDRAULICS LIMITED

NOTICE IS HEREBY GIVEN that the creditors of the above named company are required on or before the 12th day of February 1992 to send their names and address and the particulars of their debts or claims, and the names and addresses of their solicitors, if any, to David John Corney of CORK GULLY, at 43 Temple Row Birmingham, B2 5JT, the liquidator of the said company, and if so required by notice in writing from the said liquidator, or by his solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 30 day of December 1991.

D J Corney - Liquidator
LECO HYDRAULICS LIMITED

Registered in England and Wales
Company No. 1027591
Resolutions of Leco Hydraulics Limited
PASSED 19 December 1991

At an extraordinary general meeting of the above named company duly convened and held at 43 Temple Row, Birmingham, B2 5JT, on 19 December 1991 the follwing resolutions were passed: No1 as an extraordinary resolution and No2 as an ordinary resolution:

1 That it has been proved to the satisfaction of this meeting that the company cannot by reason of its liabilities continue its business and that it is adviseable to wind up the same and THAT accordingly the company be wound up voluntarily.

2 THAT David John Corney, of Cork Gully, 43 Temple Row Birmingham, B2 5JT be and is hereby appointed liquidator of the company.

At a meeting of creditors held on 19 December 1991 the creditors confirmed the appointment of D J Corney as liquidator.
Dated 19 December, 1991
J Stokes - Chairman

Registered in England and Wales
Company No. 2426292
Resolutions of R H Composite Mouldings Limited
PASSED 17 December 1991

At an extraordinary general meeting of the above named company duly convened and held at 43 Temple Row, Birmingham, B2 5JT, on 19 December 1991 the follwing resolutions were passed: No1 as an extraordinary resolution and No2 as an ordinary resolution:

1 That it has been proved to the satisfaction of this meeting that the company cannot by reason of its liabilities continue its business and that it is adviseable to wind up the same and THAT accordingly the company be wound up voluntarily.

2 THAT David John Corney, of Cork Gully, 43 Temple Row Birmingham, B2 5JT be and is hereby appointed liquidator of the company.

At a meeting of creditors heled on 17 December 1991 the creditors confirmed the appointment of D J Corney as liquidator.
Dated - 17 December 1991
Rodney Humphries - Chairman

The Insolvency Act 1986
Notice of Administration Order

RESEARCH SURVEYS OF GREAT BRITAIN LTD.

Registered number: 712655
Nature of business. Market Research, Marketing & Merchandising
Trade classification: 46
Administration Order made: 11 December 1991

Administrator (office holder no 2731)
J.A. TALBOT

PERSONAL

THE PROPERTY MARKET

Canada's coastal splash-out

By Bernard Simon

North America's property slump was not in evidence when 100 apartments in the Park View tower went on sale in Vancouver last November. Although the 25-storey building is still just a hole in the ground, every unit was snapped up within 10 days, at prices from about C$225,000 to C$750,000 (£105,000 to £350,000) apiece.

Park View marks the first stage of Pacific Place, Canada's biggest real estate development. The ambitious C$2.5bn project on the southern fringe of Vancouver's business district is designed to turn the now-flattened site of the Expo 86 World Fair into a residential and commercial complex, sprawling over more than 200 acres.

If all goes to plan, the waterfront development will include 9.2m sq ft for 42 residential buildings and 3m sq ft for shops, offices and a 400-room hotel.

The sponsor of the Pacific Place project is Concorde Pacific Developments, a company controlled by Mr Li Kashing, the Hong Kong magnate. Cheung Kong Real Estate, another Li Kashing company based in Hong Kong, sold about half of the 100 Park View units to investors in the Far East, while the Park View development is being financed by Hongkong Bank of Canada, a subsidiary of Hongkong & Shanghai Banking Corp, of which Mr Li is deputy chairman.

The response to the Park View offering might have been less enthusiastic were it not for a widely held perception that Vancouver is on the verge of a period of explosive growth. Property developers compare the future of British Columbia over the next decade or two with California in the 1950s and 1960s. The population of Canada's most westerly province is already growing faster than in the country's other 10 provinces, rising 2.7 per cent in 1990 and by about 2.6 per cent in 1991.

Many of the new arrivals are from eastern Canada, drawn by the more temperate weather and easy-going lifestyle. But there has also been a huge influx of immigrants from Asia, especially Hong Kong, in the past five years.

Far Eastern money has already left its mark on the Vancouver skyline. Three quarters of the city's hotels and dozens of office buildings, shopping malls and apartment buildings are owned by Asian investors. Hong Kong and Japanese developers have been the most active, but Mr Jon Markoulis, vice-president of Concorde Pacific, says there has been growing interest recently from Singapore and Taiwan. He estimates that foreigners currently account for 25-30 per cent of all property sales in the city.

Mr Li and his partners bought the Pacific Place site from the British Columbia government in 1988 for C$320m. Concorde Pacific made a down payment of C$50m, with the rest to be paid between 1994 and 2003. Bank of Montreal has promised construction finance for the second residential tower. Canadian Imperial Bank of Commerce is among the minority shareholders in Concorde Pacific.

Development of Pacific Place is scheduled to take 10-15 years. Construction of the first building is six months behind schedule, but Mr Markoulis blames a complex municipal planning approval process, rather than a soft market. He says that Concorde Pacific's plans for the project as a whole have not slowed down at all.

Pacific Place is separated from the central business and shopping district by almost a mile of run-down warehouses and light industry. But Mr Markoulis rejects any comparison with London's Canary Wharf. He describes Pacific Place as an "in-fill" project, rather than one stranded far from the city's existing hub. A commuter rail station built for Expo 86 is adjacent to the site of the proposed hotel and the project's commercial core.

Overall, Vancouver has not escaped the downturn in the North American property market. According to Colliers Macaulay and Nicolls (CMN), a large real estate broker, the downtown office vacancy rate is 14 per cent. While nominal rents for prime space are around C$25-C$30 a square foot, inducements (which can total as much as three years of rent on a 10-year lease) almost halve the effective rate.

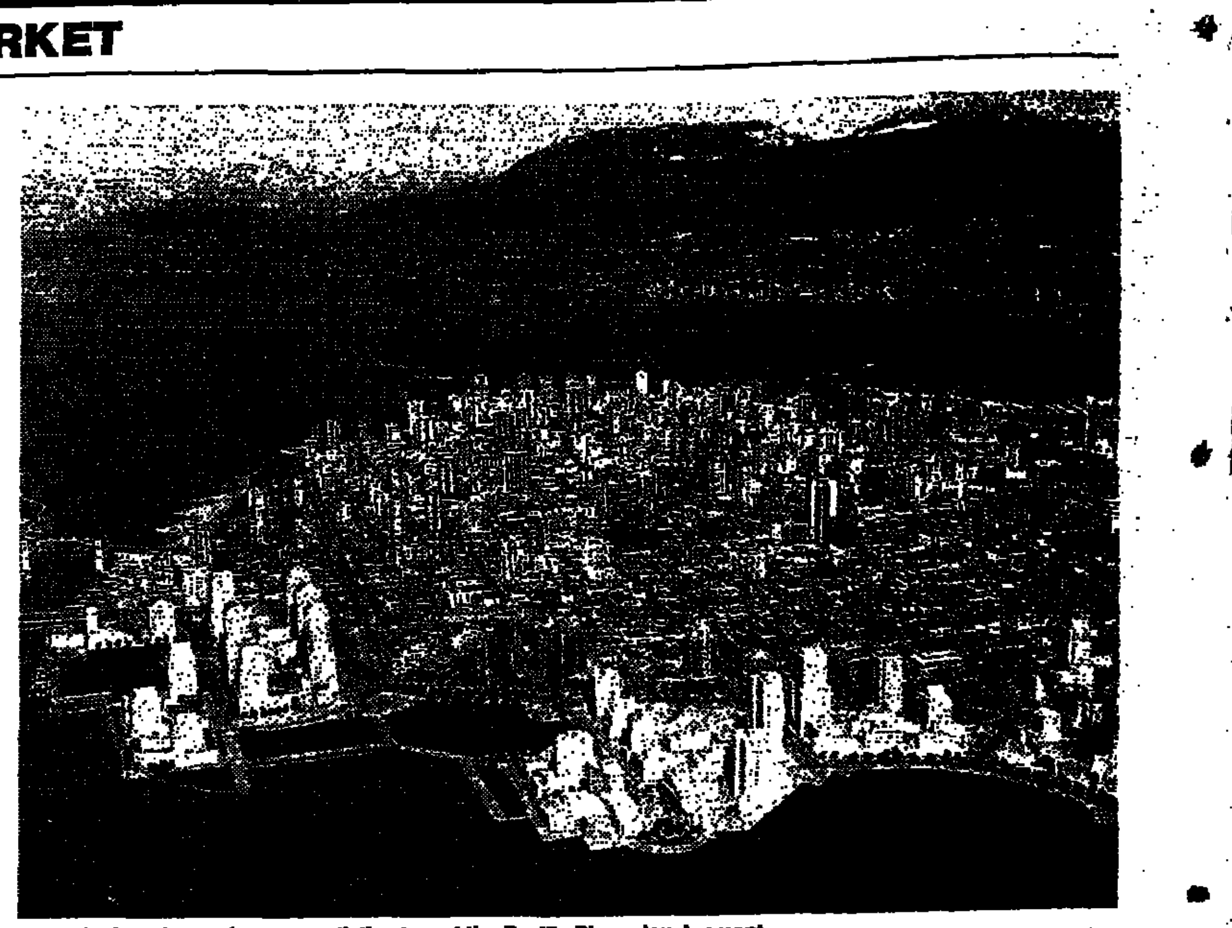
"There has been a decided cooling towards investment in office properties," says Mr Ray Ahrens of CMN's office leasing group. The commercial component of the Pacific Place project is unlikely to be built before the mid-1990s.

Optimism is high, however, that the recovery, especially in the residential market, will be more vigorous in Vancouver than in most other parts of the continent. Even now, the white and yellow signs which advertise developers' re-zoning applications are as eye-catching in the downtown area as the "for sale" and "for lease" notices.

Across town from the Concorde Pacific project, a Canadian developer, Marathon Realty, is in the final planning stages of an 82-acre development known as Coal Harbour. Marathon received zoning approval in early December for the first phase of the project, consisting of six residential towers spanning three city blocks.

Coal Harbour, most of which used to be a railway marshalling yard, has the advantage of a spectacular view across Burrard Inlet to the snow-capped mountains which dominate the Vancouver skyline. Marathon expects to start selling fully serviced sites next year and, barring a further weakening in the market, construction is due to start towards the end of 1993 or in early 1994.

No buildings have yet sprouted on the desolate Expo 86 site, but Pacific Place has already become a magnet for other developments. Eight blocks of flats are going up nearby, and the Vancouver city council has decided to move the main municipal library to a site adjacent to the project. Rundown warehouses in the vicinity are also gradually being transformed into restaurants, design studios and upmarket shops.



A new look to the seafront: an artist's view of the Pacific Place development

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Nov '91	-0.5	-7.6	0.0	-3.2
Quarter to Nov '91	-0.5	-2.6	-0.7	-1.3
Month of Nov '91	-0.1	-1.0	-0.5	-0.5

Source: Investment Property Databank

INTERNATIONAL PROPERTY

RESIDENTIAL PROPERTY

COMPANY NOTICES

LEGAL NOTICE

COMPANY NOTICES

Drawn to conclusion

Susan Moore on the cream of the Courtauld collection

According to the gospel that the best art is spontaneous and inspirational, drawings should reveal artists at their most creative and the more swiftly executed they are the better. Any subsequent polishing represents a watering down and loss of the initial divine spark.

Drawing may indeed be the automatic writing of art, yet the first draft is not invariably the last word. The sequence of 80 sheets on show at Somerset House which represents the cream of the Courtauld collections, serves as a reminder that drawings were also conceived as stepping stones in a process leading to the creation of a fresco, panel, canvas or print. On occasion they were deemed finished works of art in their own right. Here is abundant evidence that drawings may be finished without being dry, polished but not pedantic.

The sheets on view veer towards the highly finished and reflect the tastes – as well as the generosity – of the Courtauld Institute's great benefactors. All the early Netherlandish and Italian drawings — like the ethereal Hugo van der Goes, the minimalist, almost Rembrandtesque Fra Bartolommeo landscapes in pen and ink, Dürer's Wise Virgin and an extraordinary Giovanni Bellini – were bequeathed in 1978 by Count Antoine Seilern, along with the Rubenses, Parmigianinos, the Tiepolos and Watteau.

Sir Robert Witt spent the more modest means at his disposal acquiring then unfashionable Guercinos, and highly decorative 16th and 17th century Northern landscapes. The short but spectacular run of English watercolours – including J.R. Cozens's infinitely subtle view of the Castel Sant' Angelo – came from William Wycliffe Spooner. Anthony Blunt gave Bernini's unacceptably Baroque project for the east facade of the Louvre.

The Courtauld drawings, far less well known than their painted cousins, are remarkable by any standard. This celebratory show was originally planned to coincide with the opening of the new galleries in 1990, and to inaugurate the Institute's first proper drawings gallery. That proved impossible, and the show was postponed until this winter. Sadly the event seems to be slipping by almost unnoticed; the gallery was forlorn and silent. It will probably be another decade before these or any comparable selection of masterpieces are shown again.

Immediately striking is how many artists are seen at their best. Parmigianino's "Conversion of St Paul" is exceptionally large and elaborately wrought but also thrilling. The chaos and terror of the moment as Saul falls from his horse blinded by heavenly light, is captured in quick, nervous lines, and the drama heightened by the contrasts of brilliant white bodycolour and sepia washes.

Guercino is represented by a study from everyday life of two girls drying their hair by the fire; Piazzetta by characteristic large black chalk heads. Tiepolo illustrates his inimitable verve and vitality in pen and ink and wash; Turner his virtuoso watercolour technique with two grand English landscapes.

These artists are justly admired but prolific. The collection is remarkable for its rarities, the sheets from an earlier period when drawings were not valued or collected and tended not to survive. Giovanni Bellini's Nativity of the 1470s, carefully built up with a web of hatched strokes, for instance, is one of only three or four pen and ink drawings by the artist. He has endowed his Bethlehem with a skyline reminiscent of his native Venice. Ox and ass kneel to worship the Christ Child and warm him with their breath. Another handsome rarity is a compelling Holbeinesque portrait drawing by Lorenzo Lotto.

Most celebrated of all the Courtauld drawings, however, is Michelangelo's challenging allegory of "The Dream of Human Life" which, like so many of his presentation drawings, may have been given to his beloved Tommaso de' Cavalieri. It has been described as one of the finest drawings in the world, and as a technical miracle.

Such is Michelangelo's mastery that the sculptural central male nude seems less to have been created out of black chalk than confected out of thin air. Michelangelo chooses to bring to the fore and fully model Man, who leans against a gleaming marble globe, and the trumpeting angel. In the surrounding arc the ethereal vices seem distant and dreamlike and as if carved in low relief. This is evidently not a first draught, but it is the last word.

Master Drawings from the Courtauld Collections, sponsored by Toray Industries, continues at Somerset House until January 19.

'Seated Woman' by Cornelis Bega

The Marvellous Boy

BUSH THEATRE

Thomas Chatterton was an extreme example of the phenomenon of doomed youth. When he died, by his own hand in 1770 at the age of 17, the precocious Bristolian was the author of a series of pseudo-medieval poems and a forged correspondence involving a 15th century monk which was so convincing that it kept the scholars quarrelling for years. According to Keats, who dedicated *Endymion* to him, he was "the purest writer in the English language". To Wordsworth, he was "The marvellous boy/ The sleepless soul that perished in his pride."

Hence the title of this show, which paints Chatterton as not marvellous at all but a tittering, capricious whelp, not unlike Peter Shaffer's portrayal of that other prodigy, Mozart, in *Amadeus*, but without the scatology.

To a certain extent Public Parts have a point. The conception of Chatterton today is dominated by the Henry Wallis painting of 1856, which shows a Byronic youth trailing decorously over the edge of his deathbed. The fact that his death, by poisoning, would certainly not have been decorous presents an intriguing counterpoint to his enshrinement in the romantic imagination.

In their attempt to get to grips with Chatterton, this Bristol-based company confronts his family after his death – his widowed mother, his passionate and embittered sister and, most bizarrely, his paternal grandmother (played by a man), whose senile delusions are seen as tracking into the precocious fantasies of her two grandchildren.

This then is a play about the power politics of the imagination. The thesis is that the fictitious Thomas Rowley was the creation of the childhood games of Thomas and his sister Mary. He, being a boy, was sent to charity school; she, being a girl, was not, so it was he who acquired the skills to make something of the fiction.

Rowley is represented as a spirit invoked by the two children in a local church; a cappella singing of latin masses sets a quasi-mystical scene as ancient figures are conjured from their tombs into recitations in middle-English.

This does not, of course, explain how a teenage boy living in the mid-18th century came to master medieval language. More seriously, it is hard to suspend disbelief far enough to admit Tim Crouch's Thomas, who is bumptiously unappealing in his assumption of childish moods and mannerisms.

Julia Limer's production is simply not strong enough to carry off the inversions that lead to a boy who looks years older than his mother (Carrie Wale) and a grandmother (Luke Williams) who seems designed to keep the whole piece on the level of travesty.

Claire Armitstead

Sweet Desserts

NEW END THEATRE

The last time I went to Hampstead's ever hospitable New End Theatre it was staging a play about Sophie Tucker and had plates of *lip-shaped candies lying* around; for this scrumptious two-handed adaptation of Lucy Ellmann's novel *Sweet Desserts*, the foyer is choc-full of naughtiness. Guilt comes, as guilt does, by the packet or the scoop: by the time the audience is seated in the theatre, it has slumped neatly into three camps – the binger, the banter and the effortless abstainer. For the bingers and banters, at least, it is a treat, unnecessarily repetitive towards the end, but providing little thrills of recognition while tweaking insistently at those little hairs at the nape of one's neck.

Ellmann's novel is a stylist's confessional, about growing up and coming to terms with all the difficult things in life – like siblings and sex and the curious magnetism of the fridge.In the oversubscribed tradition of foodie-fantasy it stands apart, belligerently odd in style and structure, a parody of its own genre, but with an unmistakable ring of truth.

Elizabeth Lynton and Charlotte Jones

Suzy and Fran are sisters divided by four years and a monstrous rivalry; united by their taste in food and in men. Charlotte Jones and Elizabeth Lynton's adaptation embraces the eccentricity of the book with a performance style that is bouncy, graceful and witty. A loftily staged dance sequence of sexual postures is typically brought thudding down to earth with the reflection: "Hmm. Sperm, how many calories?"

Lynton gives a compelling Fran, small, sharp and ordered in her movement as in her life, pushing Suzy out from the centre of the story. So absorbing is the characterisation, that I found myself looking at the taller, looser-limbed Jones some 30 minutes in and noting with some surprise that she is not in fact tubby at all.

They must have had as much fun assembling their soundtrack as Ellmann had pasting in the shards of instruction, poetry and agony-aunt letters that punctuate her story. For the purgatory of dieting, Mozart's Requiem; for the death of the girls' mother, throat-catching Tammy Wynette; for the various men in their lives a *Peter and the Wolf*-style sequence of signature tunes ranging from *Match of the Day* to "Nessun Dorma". It is hardly heavy-weight stuff, but it provides an astute sideways look at what one could dub the culture of sex and drugs and rocks and rolls.

Claire Armitstead

Peter Grimes

BAVARIAN STATE OPERA, MUNICH

Peter Jonas's appointment as the next intendant of the Bavarian State Opera is already bearing fruit. He was able to offer Tim Albery's ENO production of *Peter Grimes* to the Munich company, after its own well-advanced plans for a Peter Hall/John Bury staging were scuppered by defects in the stage hydraulics. The ENO *Grimes*, designed by Hildegard Bechtler, does not require complex scene-changes, and the designers of this season's other new productions in Munich have had time to adapt their ideas to the reduced technical capacity. But the hydraulics problem has forced the State Opera to modify its existing repertory – *Götterdämmerung*, for example, can only be played as a concert performance and November's revival of Penderecki's *Ubu Rex* was cancelled. In August, the theatre will close for at least half a year – possibly for the whole of the 1992-3 season – so that the hydraulics can be sorted out. All this comes only two years after the last lengthy closure for backstage modifications.

But it's an ill wind... *Peter Grimes* has handed the company one of its biggest triumphs of recent seasons. When the production was first seen in London in April, Max Loppert praised it here as eye-and ear-opening, with visual qualities of a north European, expressionist hue. Munich offers a very different context. German audiences are no strangers to expressionist art or the language of Brechtian theatre, and have none of the performance tradition or wealth of associations which their British counterparts bring to *Grimes*. Yet the production's merits are no less striking.

Albery treats *Grimes* in a way no German director would dare to do. He brings the drop-curtain down during the interludes, preserving the integrity of Britten's graphic sound-pictures. He dispenses with incidental details of the borough and its personalities, depriving the Munich audience of the work's quaint English colouring (which most German productions like to stress). Instead, his abstract, anti-realist approach – particularly telling in the shadowy chorus personality – focuses on Grimes as one of the great tormented figures of 20th century opera, battling in vain against the destructive forces in himself, in society and the elements. Albery deserves credit for communicating his ideas so successfully to the Munich cast, who sang the work in English and made every word understandable (Mrs Sedley's "I've never been in a pub in my life before" raised a good laugh).

But this was just as much a musical triumph, thanks to Andrew Davis' idiomatic command of the score and ability to inspire the best from all around him. Choral and orchestral responses were crisp and full of conviction. Davis, who will also conduct the work at Glyndebourne next summer, lets the music speak simply and directly, supplying the quiet tragic grandeur and detailed characterisation that is missing on stage. Like the rest of the packed, enthralled house on the night I attended, I had never imagined this music could be so moving.

René Kollo brings to the title role an unexaggerated humanity and considerable stage presence. His Grimes is neither brute nor visionary: he is lonely, unpredictable, heroically courageous. Kollo, balding and craggily dishevelled, cuts a striking figure. The sustained top notes are a strain, but he has not forgotten how to sing quietly, delivering the great mystical solo at the Boar with precentor-like purity. Pamela Coburn's Ellen radiated feminine sensitivity and goodness. Donald McIntyre's Balstrode was the perfect old sea dog.

René Kollo as Grimes

Andrew Clark

King's Consort

QUEEN ELIZABETH HALL

It is no longer enough to mark a composer's anniversary with performances of one or two works. A recorded edition of his complete oeuvre is the least that seems to be acceptable and The King's Consort is duly engaged on a substantial survey of Purcell's music in preparation for the tricentenary of his death in 1995.

The group's concert on Wednesday marked the completion of its project to record the Odes, which has taken five years. The choral music is now to follow. One can argue that a less organised approach by various different performers would ultimately yield more insight. But where the public gains from these large complete series is in discovering a lot of very worthwhile music that is unrecorded and might otherwise remain so.

The Odes were written as occasional pieces, marking the birthday of the Queen or lauding the King on his return to Court. The poetry is often weak and embarrassingly fawning by today's standards. But the opportunity to hear all of the Odes does enable us to judge how rarely Purcell let his standards slip, even for the least auspicious occasion.

This programme opened with *Why are all the Muses mute?*, written as a Welcome Song for King James in 1685. It is not one of the most memorable of the genre, for it lacks well-made tunes, but Purcell's inspiration is never dormant: the opening lines are appropriately declaimed by the singers before the orchestra is allowed to start the Overture and at the end the words "his fame shall vanish" provoke a delicious final paragraph that simply fades away.

Together with *Come, ye Sons of Art* it gave a good idea of The King's Consort in action. Robert King is not ambitious for the music, as other Purcell supporters such as Gardiner and William Christie are in their different ways, but he directs agreeably stylish performances of good technical quality. His solo singers add a touch of class and the crowded hall will have enjoyed James Bowman and Michael Chance together in "Sound the trumpet".

For the larger of the Purcell Odes and Handel's *My heart is inditing* they were joined by the Choir of New College, Oxford, confident young singers if a little light in the bass, while James O'Donnell was the neat soloist in Handel's Organ *Concerto, Op.7 No.3*. Well, Handel's next anniversary does not come round until 2059, but with an output as vast as his somebody should be starting now.

Richard Fairman

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Japan will receive visits from the Berlin Philharmonic Orchestra and the Paris Opéra Ballet over the coming month. Claudio Abbado will conduct all six concerts on the Berlin Philharmonic's tour – two at Symphony Hall, Osaka (Jan 19 and 20), and the remaining four at Suntory Hall in Tokyo (Jan 22, 23, 25, 26). The programmes consist entirely of music by Brahms, with Viktoria Mullova as soloist in the Violin Concerto and Alfred Brendel in the two piano concertos. The Tokyo concerts will feature a cycle of the four symphonies, and the encores are to be taken from Brahms' Hungarian Dances.

The Opéra Ballet will give performances in six cities between January 31 and February 16. On the opening six nights, they will appear at the Tokyo Bunka Kaikan, followed by visits to Yokohama, Saga-Mishima, Nagoya, Tamatsu and Osaka.

During the Opéra Ballet's absence from Paris, the Palais Garnier will play host to two other distinguished companies - the Ballet National de Marseille and the Stuttgart Ballet (4742 5371). The Marseille troupe will give daily performances of Roland Petit's production of Sleeping Beauty from January 22 to February 2. The Stuttgart Ballet will dance John Cranko's Onegin, also set to music by Tchaikovsky (Feb 6-15), followed by John Neumeier's A Tramway Named Desire, with music by Prokofiev and Schnittke (Feb 18-22). This is followed by a week of performances in early March by a dance company from Bali, after which the Opéra Ballet returns to its home (March 11-18) for a triple bill entitled Picasso et la Danse, featuring Nijinska's Le Train Bleu (1924), Roland Petit's Le Rendez-Vous (1945) and Massine's Le Tricorne (1919). Paris can also look forward to a visit by the Kiev Opera and Ballet over the next month. Starting next Friday, there will be six performances of Mussorgsky's Khovanshchina and three of Tchaikovsky's Mazeppa at the Palais des Congrès (4068 0006), followed in February by Sleeping Beauty, The Nutcracker, La Sylphide and a gala soloists' evening.

EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Edouard Vuillard. In the early 1890s Vuillard (1868-1940) joined a group of French artists known as the Nabis, acquiring fame with his interiors featuring mainly his own family and friends. This exhibition focuses on the early Nabis years and his work from 1900-28. Ends March 8. Also Edgar Degas: 73 bronzes cast from a large number of wax and clay models found after the artist's death. Ends Jan 26. Closed Mon

Rijksmuseum Rembrandt: a major exhibition bringing together paintings from museums in Berlin, Amsterdam and London, and capitalising on the latest developments in Rembrandt research and attribution. Ends March 1. Closed Mon

BERLIN

Martin-Gropius-Bau The Jewish World: a major exhibition documenting Jewish lifestyle and history as reflected in the political, social and cultural surroundings of different parts of the globe, and exploring the Jewish identity in thought, art and religion. Ends April 26. Daily

Altes Museum Martin Schongauer: Engravings. An extensive exhibition marking the 500th anniversary of the death of Schongauer, the first great engraver of German art. Ends Feb 16. Closed Mon and Tues

Nationalgalerie Otto Dix: a major retrospective marking the centenary of one of the towering figures of 20th century German art. Ends Feb 4. Closed Mon and Tues

FLORENCE

Palazzo Pitti Caravaggio: Birth of a Masterpiece. A serious-minded exhibition marking the centenary of the birth of the distinguished Italian critic Roberto Longhi, who spearheaded the current vogue for the Baroque master. Among the 19 oils on display are several "double versions" of the same picture, such as The Boy Bitten by a Lizard – one belonging to the Longhi Foundation in Florence and the other from the National Gallery in London, both of certain attribution; and the fine Card Players, lent by the Kimbell Art Museum at Fort Worth. Ends March 15. Closed Mon

Palazzo Strozzi Gustav Klimt. The exhibition includes not only the over-reproduced but decorative and inventive female portraits for which Klimt is best known, but examples of his pastels, drawings, theatre sets – and a replica of the Beethoven frieze (painted for an exhibition of the Secessionist movement in Vienna in 1902) which was made recently to be shown at the 1992 Seville Expo. Ends March 8

HANNOVER

Forum des Landesmuseums Venice's Fame in the North: a major show of 155 outstanding Venetian 18th century paintings and drawings, on loan from an international range of museums. The selection represents most of the major figures of the period from Carlevaris to Tiepolo and Piranesi. Ends Feb 2.

LONDON

Victoria and Albert Museum The Art of Death: Objects from the English Death Ritual 1500-1800. An exhibition illustrating the response to death in the post-Reformation period, when people acknowledged their own mortality more openly than today. The V&A says the exhibition is intended to generate debate about what has become one of the last great taboos of modern British society, and to encourage the public to re-examine the role and nature of the modern death ritual. Ends March 22. Daily

Royal Academy Katsushika Hokusai (1760-1849): sketches, paintings and 150 printed works by the most celebrated Japanese artist in the West. Ends Feb 9. Daily

National Gallery Paula Rego: six acrylic paintings and more than 30 small works on paper by the museum's first associate artist. Ends March 1. Also The Queen's Pictures. Ends Jan 19. Daily

MADRID

Fundacion Juan March Richard Diebenkorn: retrospective of the American artist (b1922) covering the years 1949-1985. The 52 oils in the exhibition illustrate the development in Diebenkorn's work from abstract expressionism to a more figurative style. Ends March 8. Daily

Centro de Arte Reina Sofia Lyubov Popova: more than 100 paintings and works on paper by a leading figure of the early 20th century Russian avant garde. Ends Feb 17. Closed Tues

MANCHESTER

Whitworth Art Gallery Michael Porter: Close to the Ground. An exhibition of new work by an artist whose ability to focus on a specific location of Derbyshire woodland has led to a body of work of extraordinary intensity. Ends Feb 29. Also Linocuts by John Muafangejo: a tribute to the life and work of the South African artist, reflecting his own private struggles as well as the public conflicts of his country. Ends Feb 8. Also Girtin and Turner: a chance to compare the watercolours of both artists until Girtin's premature death in 1802. Ends Feb 15. Closed Sun

MARTIGNY

Fondation Gianadda Calima: the treasures of goldsmiths' work and ceramics bear witness to the refined civilisations in ancient Colombia. Ends March 8. Daily

NEW YORK

Metropolitan Museum of Art French Architectural and Ornament Drawings of the 18th century. Ends March 15. Also Stuart Davis (1894-1964): the first retrospective of the American modernist for more than 25 years. Ends Feb 16. Closed Mon

Whitney Museum of American Art Alexander Calder (1898-1976): more than 50 works by the innovative and popular American sculptor. Ends Feb 2. Also Alexis Smith (b1949): a mid-career survey of the Californian artist who has re-invigorated American collage in the past 20 years. Ends March 1. Closed Mon

PARIS

Centre Pompidou Max Ernst retrospective, with 250 collages, paintings and drawings showing the great Surrealist painter revelling in the subconscious. Ends Jan 27. Closed Tues

Musée des Arts de la Mode Elegance and Fashion in 18th century France: sumptuous materials and dazzling craftsmanship characterise the 80 exhibits from French Regency to the Revolution. Ends March 31. Closed Mon and Tues (107 rue de Rivoli)

Musée d'Art Moderne de la Ville de Paris Alberto Giacometti (1901-66): an exhibition illustrating the Swiss sculptor and painter's despairing search for an adequate representation of the human figure. Ends March 15. Closed Mon (11 ave President Wilson)

ROME

Palazzo Ruspoli Canova sculptures and the Farsetti Collection from the Hermitage in St Petersburg. Almost as fascinating as the eleven glistening marble works by Antonio Canova is the collection of terracotta maquettes by masters such as Gian Lorenzo Bernini and Algardi, which had belonged to the Venetian abbot Filippo Farsetti, and were sold by him to Tsar Alexander I. Ends Feb 28

STOCKHOLM

Nationalmuseum The Empire Style in Sweden: an exhibition celebrating the museum's 200th anniversary and focusing on neo-classicism in Sweden – a simplified variety of the French empire style, but also inspired by the German Biedermeyer style. The exhibition includes paintings and sculpture of the early 19th century, bronze objects, wallpapers and several complete interiors, including a royal bedroom. Ends March 29. Closed Mon

TUBINGEN

Kunsthalle John Heartfield: 300 original works by the satirical Agit-Prop artist (real name Helmuth Herzfelde) marking the centenary of his birth. The long postwar division of Germany hampered serious consideration of Heartfield, a commited Communist. The exhibition shows how much he contributed to the pictorial imagery of the first half of the 20th century and gives excellent insight into his work process. Ends March 13. Closed Mon

FINANCIAL TIMES

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Friday January 10 1992

Kick-starting global growth

OF THE plethora of initiatives dreamed up by Japanese and US policy-makers over the last few days, their joint strategy for world growth is actually rather tame. Ignore the froth: the world economy is not on the verge of a depression, and panic measures by worried governments would probably do more harm than good. Both the US and Japan have already taken the necessary steps to ensure that their economies will grow in 1992; the "package" contains nothing new.

It is the growth-starved countries of western Europe, not the US or Japan, that need stimulus. It is these countries which are desperately seeking policies for low-inflationary growth this year. Judged by the negative European reaction to Mr David Mulford's pleas for them to join the pro-growth chant, he could be forgiven for thinking that growth in Europe has become a dirty word.

The US Treasury under-secretary's pleas are nothing new. Washington has been trying to persuade the rest of the group of seven industrialised countries to cut interest rates, and use fiscal policy to reflate the world economy, for the best part of a year. Meanwhile, the Federal Reserve has been practising what the administration has preached. A succession of interest rate cuts has reduced US real rates to below 1 per cent.

The US has little room to manoeuvre a fiscal reflation. The joint communiqué does confirm that a *pre-election* US tax package will be announced later this month. But the size of the US fiscal deficit, and the risk that relaxing policy might actually raise US long rates, mean that the package will largely consist of pre-election lollipops.

Play along

Japan has so far been the only country willing to play along with the US. Its monetary policy has eased steadily over the past year, with the latest cut in the discount rate coming just before Mr Bush arrived in Tokyo. Predictable politics; but also precisely the right policy for Japan. Yet once again, the communiqué says little new about Japanese policy. The promise to ease fiscal policy in 1992 is merely the modestly expansionary budget package announced in December. With a projected general government budget surplus of around 2 per cent next year, Japan certainly has room to ease further if it wishes to.

Crude bashing

If it is Europe, not the world, that needs a strategy for economic growth, crude bashing of Germany, or more particularly the Bundesbank, are not the answer. High German short-term interest rates, to curb German wage inflation, have raised the real interest rates of the members of the European exchange rate mechanism to choking proportions. But the Bundesbank is no more required to take account of this wider, European impact of its policies than other ERM countries are required meekly to follow its lead.

One option they do have is to call for an upward realignment of the D-Mark. But this poses a difficult dilemma. It would probably deliver higher rather than lower interest rates outside Germany because of the risk that it would happen again. But, if large enough, it would ease inflationary pressures by squeezing Germany's export sector, thereby allowing German rates to fall faster.

Alternatively, a tighter German fiscal policy would further squeeze German domestic demand, thereby *allowing* an easier monetary policy. It is Mr Kohl, not Mr Schlesinger, who needs to be lectured on how to be a good European. Nor is there any good reason why fiscal consolidation in Germany should not be combined with offsetting fiscal expansion in the rest of Europe. Certainly France and the UK, though not Italy, have *sufficiently low* levels of public debt and budget deficits to afford more public investment or lower taxes aimed at stimulating private investment.

There is a further element which should be included in any growth strategy. The failure of the Uruguay Round would do at least as much as slow growth to raise "the spectre of world protectionism" that the communiqué fears. Both Mr Bush and Europe's farm ministers should act on this before it is too late.

Educating the majority

NATIONAL TESTING reaches state secondary schools this year, with most 14-year-olds due to sit pilot tests in mathematics and science in June. English and technology will be added next year, when the tests become compulsory, and history and geography will follow in 1994.

The tests are welcome, and should help to monitor and stimulate pupils' progress at a time crucial to their prospects of succeeding in public examinations. Less satisfactory, however, is progress in two other vital areas in 11-19 education: the creation of an effective "vocational route", and reform of A-levels.

Mr Kenneth Clarke, education secretary, dismisses as "a myth" any belief "that the education system across the rest of Europe is somehow perfection compared with our own". Lump school-leavers together with sixth formers, he told a Commons committee last month, and "we are absolutely in line with the crowd for 16-year-olds", with almost 90 per cent in full or part-time education or training.

Perfection is not to be found in this life, and there is no such place as "the rest of Europe". It is not, however, a myth that Britain's record in post-16 vocational education lags well behind that of France and Germany, to take concrete countries. And however you play the numbers game, Mr Clarke's 90 per cent is achievable only by lumping in all Youth Trainees (barely half of whom gain any qualifications at all), and that proportion falls dramatically among 17 and 18-year-olds. Put bluntly, British education abandons most school-leavers of average and below-average ability.

Lightweight

Britain's failure to develop institutions akin to Germany's *Realschulen* (technical high schools) and *Berufschulen* (vocational training schools) is *at the heart of the problem*. The government's current reform of vocational qualifications, particularly its promotion of new general vocational qualifications, are steps in the right direction. But early indications suggest that many of the new qualifications will be lightweight and far too job-specific. And since ministers refuse to countenance any compulsion on employers to train young employees, those in work will benefit little from them.

For 16-year-olds able to jump clearly through the GCSE hoop, prospects are far brighter, with small A-level classes and a broad range of degree courses and universities all before them. But if A-levels are indeed, as Mr Clarke told the same committee, "about the one bit of the system which works at the moment", it bodes ill for the rest. For few now believe that three single-subject A-levels make for a satisfactory post-16 curriculum.

More challenging

More does not necessarily mean worse. A broader post-16 curriculum, including English, maths and a foreign language as compulsory courses, should *prove more – not less – challenging to students* than the status quo, and make the illiterate engineer, innumerate historian and monolingual everything figures of the past. The International Baccalaureate is an excellent and proven model: IB students study six subjects (including the above), three at a higher level and three as subsidiaries, and their final grade depends upon performance in all six.

Some wish to see a single baccalaureate as the goal of both "academic" and "vocational" students. But that is a lesser issue, except for those who believe that parity of esteem can be imposed by fiat. The priority is to promote reform on both fronts, without *exacerbating fears that the* A-level "gold standard" is to be debased in the process.

In any case, a greater barrier to mobility between the two routes lies in the division of post-16 students between sixth forms (offering only A-levels and GCSE re-sits) and further education colleges (many with poor academic records but *catering for BTECs and other* vocational courses). Pupils need to be more aware of choices open to them at 16 – which is why, of all the education cuts of recent years, those in local careers services are among the most damaging.

This is the third in a series on British education policy.

Honda's US credentials are under attack, writes Martin Dickson

A muffin on wheels

It sounds as American as a blueberry muffin and almost as down-home and wholesome: "The amazing new car from Ohio," runs the advertising slogan, "that goes around corners, up hills and overseas."

The car in question is an estate model of the Accord, America's top-selling car, which is assembled in Marysville, Ohio, by the Japanese company, Honda. Since the launch of the estate version just over a year ago, Honda has been using this patriotic sales pitch in an attempt to woo the American public, *saying the wagon is the first* Japanese car entirely designed and built in the US. It is also the first Honda vehicle exported from the US to Europe, and some of the cars have even been sold to Japan.

The implication is that Honda is an thoroughly admirable US corporate citizen, busily creating American jobs. It has certainly gained that reputation in the decade since it became the first Japanese car company to set up a manufacturing plant (a so-called "transplant") in the US, back in 1982. It has invested $2.2bn in the country and now employs 10,000 people. It says that 65 per cent of its vehicles sold in the US are manufactured in north America and *that* these have a 75 per cent local content.

This benign image is under attack, with US car parts manufacturers claiming that the domestic content of Honda's cars may be far less than the Japanese company maintains.

The issue of car trade between Japan and the US has been brought to prominence this week by the presence of leaders of the US auto industry – including the chairmen of the Big Three motor manufacturers, GM, Ford and Chrysler – on President George Bush's trip to Japan. A crucial feature of the visit was the president's attempts to persuade the Japanese to buy more US parts and finished vehicles. In Washington, congressional Democrats have been pressing for tougher trade legislation against Tokyo, particularly to restrict US sales of Japanese vehicles. Japanese manufacturers now account for some 31 per cent of the US car market.

This advance has important implications for US-Japan trade relations. The auto parts industry is the largest manufacturing sector in the US, with 1990 sales of more than $100bn, and the automobile sector accounts for three-quarters of America's $41bn trade deficit with Japan.

With the US in recession and a presidential election fast approaching, political pressures are mounting for action on the deficit, particularly the automotive component of it.

In spite of all the huffing and puffing in Washington, the American public has an increasing taste for Japanese cars and suspects that many of the US motor industry's problems, at home and in Japan, are of its own making.

This explains the ferocity with which the US auto parts *manufacturers have turned* their propaganda guns on Honda's US operations. If this "transplant" pioneer can be shown to be less American than it seems, the case for restrictive legislation will be that much stronger.

Honda is under fire on two fronts. The first involves a study by the University of Michigan, paid for by a lobbying body for the US auto parts industry. The study examined a 1989 Honda Accord assembled in the US and found that imports from Japan accounted for 38 per cent of the value of its parts, while a further 46 per cent was from Japanese suppliers which had set up plants in the US. A mere 16 per cent of the parts came from US-owned suppliers.

Honda disputes the figures – although it pleads commercial confidentiality in refusing to give its own – and says that, in any case, they are out of date and that its domestic content has increased "substantially" since 1989.

The second controversy concerns the company's manufacture of small Civic cars at a plant in Canada, using some parts shipped from the US. Many of the finished vehicles are then exported to the US and, under the terms of the US-Canada free-trade agreement, must have a 50 per cent north American content to qualify for duty-free entry.

However, a preliminary audit by US customs officials apparently estimated that less than 40 per cent of the car was north American and that the company owed $20m in duties.

Again, Honda strongly denies the allegation and points out that the US customs department has yet to lay down formal regulations as to just what constitutes north American content. The Treasury in Washington, to which the customs officials report, will only say that the audit is incomplete, involves "vastly complicated" legal and political issues, and will not be finished until February.

Customs regulations apart, there is no requirement – *other than political expediency* – for Honda or any other Japanese automobile manufacturer with US transplants to buy a specific quantity of parts from local suppliers. Nor is there any requirement that these suppliers be US-owned companies rather than Japanese parts transplants, more than 300 of which have followed the automobile assemblers to the US.

However, American critics charge that the assemblers and parts transplants have simply brought with them the Japanese *keiretsu* system, involving extended families of companies linked by cross-shareholders, directorships and business relationships. It is alleged that *assemblers such as Honda*, Toyota and Nissan set the prices for captive Japanese suppliers, some of which may be dumping parts in the US.

The most vocal accusers also suggest – although they produce no clear figures to support the allegation – that many of the transplant parts factories may be relying heavily on parts which are essentially manufactured in Japan but can be claimed as American by labelling, painting or testing them in the US.

But a Honda spokesman dismisses the claim as "political, and made by people who have never been in manufacturing". He also points out that Honda is the only car manufacturer to make small engines for its vehicles in the US, since even Detroit's Big Three companies now import theirs from Asia.

Nor has Honda been immune from the US recession: the *group yesterday forecast* a 17 per cent drop in annual net income, owing to declining demand in the US and Japan.

Other Japanese companies suggest that many US companies have been unable to compete on grounds of cost and quality. But Mr Jack Reilly, chief executive of Tenneco Automotive, a leading US parts maker, and chairman of the parts committee which commissioned the Honda study, disputes this and says sarcastically: "It is incredibly difficult to believe that the world's largest parts supply base is competitive on cost and quality only on 16 per cent of the transplant business."

Whatever the truth, Mr Richard Gephardt, the Democratic *House majority leader, and* Democratic congressmen from the automobile manufacturing state of Michigan, announced just before Christmas that tough new legislation would be introduced.

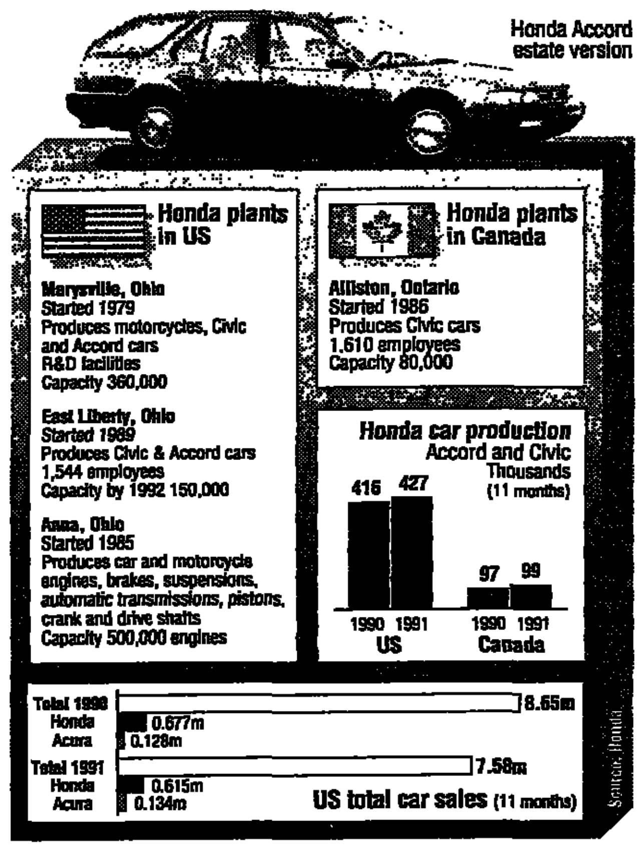
The bill would lower the ceiling on Japanese car sales over a five-year period if Tokyo did not reduce its trade deficit with the US by 20 per cent a year. The bill also contains provisions designed to push the Japanese companies into using a much higher proportion of US components in their vehicles. Mr Gephardt and others complain that while Japanese parts are flooding the US market, the Japanese market remains virtually shut to American parts makers, thanks to the *keiretsus* and the Japanese distribution system.

But the prospects for the bill are uncertain, not least because the Bush administration opposes it. The White House argues that negotiation rather than legislative mandate is the way to solve the trade imbalance.

The Japanese are concerned about the backlash, as demonstrated by their announcement this week of plans to increase substantially their purchases of foreign-made parts and cars. But the figures still fall well short of US demands and will take years to achieve, not least because it is difficult to change parts suppliers until new vehicle models are introduced. *So the US industry's Japan*-bashing is not about to stop.

However, the US position might be stronger if the various departments of the federal government could agree on what constitutes an "American" car. For while customs officers are questioning the provenance of Honda's Canadian models, other US trade *officials have been challenging* French claims that those Accord wagons exported to the European Community from Ohio should be classified as Japanese vehicles.

Not so, says Washington; they are as American as blueberry muffins.



BOOK REVIEW

Fair trade or foul

AGGRESSIVE UNILATERALISM: America's 301 Trade Policy and the World Trading System
Edited by Jagdish Bhagwati and Hugh T. Patrick
Harvester Wheatsheaf, hardback £35 ($66.95); paperback £10.95 ($17.95)

THE FAIR TRADE FRAUD: How Congress Pillages the Consumer and Decimates American Competitiveness
James Bovard
St Martin's Press, hardback £17.60 ($24.95)

"Mirror, mirror, on the wall, who is the fairest of them all?" Any right-thinking American congressman would have no difficulty in finding the politically correct reply: US trade policy is perfectly fair. Unfairness elsewhere explains the overall US trade deficit, bilateral trade deficits with Japan, the recession and almost any other ill to which the American economy is deemed subject.

Uruguay Round outcome or none, American aggressive unilateralism is here to stay. One need only look at how Mr Bush has turned his visit to America's most important trade partner, Japan, into a sales promotion trip. A blatantly discriminatory agreement on the sale of American auto-parts is the most obvious result.

Mr Bush probably knows better. But he has to respond *to the pressure* back home, where Congressman Gephardt has introduced a bill attempting to turn Japan into a planned economy. Not that he would put it that way. But how else is Japan to comply with demands that it reduce its trade surplus with the US by 20 per cent in each of the next five years?

What is wrong with this orgy of American self-righteousness? These books address different aspects of the question, the first in a scholarly, the second in a blisteringly journalistic manner. The two accounts, both excellent in different ways, are complementary and their conclusion clear: neither in its assumptions about US rectitude, nor in its likely consequences can unilateral US pursuit of the holy grail of "fairness" be justified.

The notion of "fair trade" is pervasive in modern trade policy, but it is Section 301 of successive US trade acts which gives the idea its aggressive force. The post-1988 Section 301 does two things: first, what is usually called "regular 301", which gives the US administration the power to retaliate in support of US rights claimed under the GATT; second, "super" and "special 301", which enjoin retaliation in support of complaints that involve foreign behaviour deemed "unreasonable".

The book edited by Jagdish Bhagwati and Hugh Patrick is concerned entirely with *this* piece of legislation. In what must be the classic article on its legal implications, Professor Robert E. Hudec takes as his provocative title "Thinking about the New Section 301: Beyond Good and Evil".

Professor Hudec concludes that under both aspects of Section 301, GATT-illegal action is possible. But he argues that disobedience of the GATT could sometimes be justified as a way of strengthening what is, for all its successes, a defective legal process.

Professor Hudec's defence of the new Section 301 only makes his ultimate conclusion the more damning. "The heart of the problem is that the law is based on an outrageous premise – namely, that the commands of Section 301 do not apply to the US." The US is to be judge and jury of a law it does not apply to itself.

Such a stance must reduce international trade law to the law of the bully. But Professor Bhagwati demonstrates that aggressive unilateralism also makes little economic sense. "Just as the belief that import restrictions will cure the trade deficit refuses to die, . . . so does its flip side: that lowering foreign trade barriers will cure the trade deficit."

Some powerful countries must take the US on. Equally important, however, is to assail the fevered rhetoric of "fair trade". Professor Bhagwati points out, for example, that "if everything becomes a question of fair trade, the only outcome will be to remove the possibility of ever agreeing to a rule-oriented trading system". He is right. What must also be stressed, however, is that under the hypocrisy and the whingeing, one finds, in James Bovard's words, that "the most common foreign 'unfair trade practice' is producing a better product at a lower price".

"When politicians speak of unfair trade, they do not mean that buyers and sellers did not voluntarily agree," says Mr Bovard, "but that US government officials disapprove of the bargains American citizens choose to make." And why do they disapprove, asks Mr Bovard? For a simple reason: their paymasters say they should.

Neither the bleats about "fair trade" nor aggressive unilateralism can be justified. What explains both is a mixture of confusion, greed, the search for scapegoats, and good old-fashioned hypocrisy. The results are damaging to trade, the trading system and, not least, the American economy. So the next American congressman who looks at the mirror should remember what happened to Snow White's wicked stepmother.

Martin Wolf

OBSERVER

Family line

■ Baron Michel Bich yesterday put the cap on speculations about the future of one of France's most secretive family companies by naming his son Bruno to succeed him as chair*man of Bic, the world's largest* maker of ball-point pens.

While the 77-year-old founder will continue to head the French-based parent company for the time being, Bruno – his second son and the third of his 11 children – is being prepared to take over by promotion to the chairmanship of the US subsidiary.

The move continues a cherished tradition of father-to-son handovers in French business. Other *family* groups *which* have taken or are taking the same line include Bouygues, Dassault, Michelin, Hachette, Matra, and Club Mediterranée. The results do not seem much different from those of non-family competitors, perhaps because most of the sons *involved have* worked their way through the business.

This is certainly true of Bruno Bich, now 45, a former banker who joined the company two decades ago. The group might even benefit from some fresh ideas, since the Baron's attempts to seek new sources of growth, beyond its traditonal pens, disposable razors and lighters businesses, have fallen below expectations. A diversification into perfumes had to be scuppered last year, while a Bic sailboard business is in the doldrums.

No excuse

■ A footnote to yesterday's Lombard column on this page about Robert Maxwell. In 1970 Price Waterhouse prepared a report on the gross overstatement of the profits and assets of the publicly-quoted Pergamon Press. It was the backbone of the damning Board of Trade report on Maxwell.

The investigation was headed by a senior PW partner – Martin Harris. Since 1977 Harris has been a non-executive director of National Westminster Bank, *the biggest lender to* the Maxwell private companies. Observer is curious to know whether NatWest ever listened to his wise counsel.

Collared

■ Etonians will no doubt be relieved by news from Outer Mongolia that a fellow-wearer of the old school tie is out of the Ulan Bator clink where he was banged up just before Christmas.

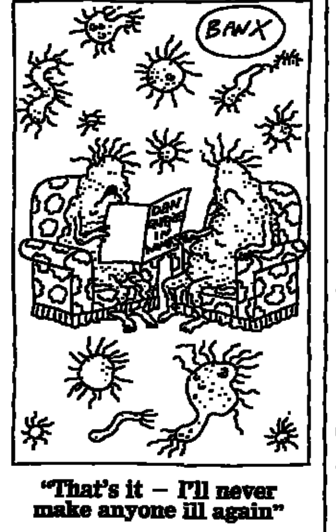
Mongolbank International chairman Sukh-Erdene, who was accorded the neckwear and dubbed an honorary unofficial Etonian two years ago, had been arrested along with the central bank governor over some unpleasantness concerning $82.4m allegedly missing as a result of bungled foreign-exchange transactions.

The incident aroused much excitement in Mongolia. The 31-year-old Sukh-Erdene is great grandson of national hero Sukh-Bator, who led the 1921 revolution. And the descendant's honorary Etonian status is apparently regarded as scarcely less distinctive.

It was bestowed on him at a Mongolian Embassy reception after he had recognised the Etonian tie sported by Nicholas Wolfers, group adviser at Midland Bank. In Outer Mongolia, they apparently still teach bankers to spot such key characteristics.

Tie-up

■ While we're talking about Mongolia and exclusive neckwear, a further link between them is in evidence in Gstaad, Switzerland, where the Savoy Gastronomes are holding their



"That's it – I'll never make anyone ill again"

21st annual reunion.

Members of the club, limited to former receptionists at London's Savoy Hotel, wear a pink and grey striped tie modelled on the table cloths at their erstwhile workplace. And one of the 100-plus gathered for a weekend's eating and skiing is Udo Hahn, general manager of the Chinggis Khaan hotel being built by Holiday Inn at Ulan Bator.

Founder Gastronome Julian Payne, who went on to senior positions at the Savoy, Dorchester and the Ritz, says the club's first dinner, in 1971, took place at the Connaught. The Savoy didn't like the idea of former employees eating in its private dining rooms. It has, however, since relented.

Typo

■ City analysts tired of lambasting the management of their sector companies should perhaps beware of trying to run their own business.

The career of Douglas Hawkins, who left James Capel as a perfectly well-respected electronics analyst in 1988 to take charge of Office & Electronic Machines, is a cautionary tale. Fellow analysts recall at the time thinking he was taking on a tough assignment at the loss-making company which had been beset by managerial chaos and lumbered with outdated equipment distribution contracts; the 40-year-old *Hawkins resigned yesterday* as executive chairman and chief executive - though he stays non-executive chairman.

While Hawkins did not return telephone calls, the share price, which when he joined rose 38p to 143p and is presently languishing at 41p, tells most of the story.

Laid to rest

■ The chickens have quickly come home to roost on UK premier John Major's statement that farmers' future prosperity lies in supplying supermarkets. "Oh yeah?", ripostes Richard Simmonds, a Tory Member of the European Parliament who set up a free-range egg-producing business in 1985.

On starting, he was paid £1.05 a dozen for top-sized eggs which the supermarkets retailed at about £1.65. They then whittled down his payment to 85p while raising the retail price to £2.38.

As a result he has closed down his poultry units which, incidentally, were formally opened by *agriculture minister* John Gummer.

Daddy?

■ Is the curse of the bogus Piltdown skull about to fall on scientists claiming Bronze Age antiquity for the mummified corpse of a man found in the *Italian Alps last September*?

A Swiss woman has written to the foreign ministry saying she has seen photographs of the body, now in a university freezer in Austria, and identifies it as her father who disappeared in the 1970s on the same alpine glacier.

Cut-price Ghost Town? That is one description of London's much-vaunted Docklands. Six years ago, 24-hour global trading in the City paved the way for London's most uninhibited property boom. But the boom went bust. Vanessa Houlder explains how the developers were blinded to the coming crash.

Personal finance: Should investors be taking steps to minimise the impact of Labour's tax plans? Philip Coggan has some of the answers. And a guide

What is the FT getting up to this Weekend?

to boosting your pension as the end of the tax year approaches.

How To Spend It: Lucia van der Post and FT correspondents report on the big January sales in London, Paris, Frankfurt, New York and Tokyo.

Travel: Four pages of special coverage.

Sport: Yachting with Keith Wheatley, tennis with John Barrett, and Kevin Brown on cricket Down Under.

Christian Tyler interviews Philip Johnson-Laird, professor of psychology at Princeton. And Michael Thompson-Noel is busy faxing film scripts to his friends in Hollywood.

Weekend FT
Saturday January 11

From tight corner to high wire

The chancellor is beginning to prepare his Budget under heavy political pressure, says Peter Norman

British chancellors of the exchequer do not usually attract much sympathy. The person responsible for taxing the nation must also cultivate an aura of aloofness and gravity to reassure financial markets.

But it is difficult not to feel sorry for Mr Norman Lamont as he sets off today for a two-day meeting with Treasury ministers and senior officials at Chevening in Kent to start preparing his second Budget in March. Decisions made before the chancellor's appointment in November 1990 give him little scope to revive Britain's depressed economy, even though its plight is central to campaigning for the general election that must be held by July. Mr Lamont is boxed into a very tight corner.

Britain's membership of the European Monetary System has placed monetary policy largely in the hands of the Bundesbank. The sharp increase in German interest rates before Christmas and sterling's position at the bottom of the EMS exchange rate mechanism mean that he has little hope of repeating last year's feat of cutting interest rates before the Budget.

The chancellor's scope for fiscal action – already limited by the move back into budget deficit this year – may be further constrained following his admission that the growth forecasts in last November's Autumn Statement were "over-optimistic". That implies lower tax revenues and higher benefit payments and is bad news for the government's finances in 1992-93.

Unlike previous Conservative chancellors since 1979, Mr Lamont must draw up his Budget during a fierce election campaign. The 1983 and 1987 Budgets were announced before it was clear that there would be an election in those years. The prime minister's decision to leave polling day until the final year of this parliament raises the already strong political pressures on the chancellor.

Mr Lamont has also excluded various policy options – in part to reassure financial markets and partly from political conviction.

● He has rejected devaluation of sterling in the EMS, even in the context of a broad realignment of member currencies.

● He has ruled out emergency measures to give the economy a boost, even though the government has powers temporarily to lower value added tax and so stimulate consumption.

● The chancellor has insisted that the government's pre-Christmas move to abolish stamp duty on most house sales until August does not presage a more active fiscal policy.

● At a meeting this week of the National Economic Development Council he stressed the government's commitment to a balanced budget over the medium term and rejected calls for emergency state spending on training and infrastructure.

In the face of continuing bad news about the economy and pressure for the government to "do something" to boost activity, Mr Lamont has stuck to his belief that lower inflation, rising real incomes, healthier corporate finances and last year's fall in bank base rates to 10.5 per cent from their previous 15 per cent peak will bring recovery this year.

In a normal year, Mr Lamont might have pursued his interest in tax reform in the Budget. But this is unlikely in 1992 because of the election.

To some, Mr Lamont seems more like a harassed technocrat than a holder of one of the great offices of state. "By having made the decision to join the EMS, it is questionable whether we need a chancellor," scoffs Mr Jim O'Neill, head of capital markets research at Swiss Bank Corporation.

However, the limitations on the chancellor's freedom of action do not mean that his weekend in the elegant ancestral home of the Earls of Stanhope will be limited to enjoying the food and listening to Treasury officials play woodwind instruments.

Budget Day is, after all, one of the great events in the British political calendar. If the Conservatives are to win the election, and so save the careers of the prime minister and Mr Lamont, they must make it a success.

The political pressures on the chancellor are already apparent. Mr Lamont was to be found this week in front of a large billboard in south London, helping to launch the Conservative party's onslaught against Labour's tax policies. Although he has so far ducked all questions about his own tax plans, the Conservative campaign risks building up expectations of a tax cutting Budget among ordinary voters and party activists that may have to be disappointed.

Whether the government's finances can meet such expectations will be high on the Chevening agenda. Here, the outlook may not be as bleak as implied by the sluggishness of the economy.

The Bank of England's sales of government gilt-edged securities have been strong in recent months, suggesting that this year's public sector borrowing requirement will be funded with ease, even if it exceeds the £10.5bn Autumn Statement forecast. Although a bigger question-mark must now hang over the PSBR for 1992-93 (which is already expected to rise to around £20bn), the City seems to have overcome its earlier fears that the UK might be heading for several years of chronic deficit with the Conservatives in power.

Mr Lamont will therefore be studying some tax-cutting options at Chevening. One of the most politically attractive must be cutting the basic rate of income tax by one penny from 25 pence in the pound. This would inject funds into the economy, mark out the Conservatives as the party of lower taxation and put Labour on the spot by challenging the opposition to raise taxes again, should it win the election.

However, a one penny tax cut would be expensive – costing £1.95bn in the coming financial year. Its electoral appeal is uncertain. An opinion poll for the Independent newspaper and BBC television's Newsnight programme this week suggested that most voters would prefer higher spending on public services.

Another option could be to raise the thresholds at which income is taxed by more than the statutory rate of inflation. Such an increase in personal allowances would have the advantage of taking some lower paid voters out of taxation altogether. The cost to the Treasury of changing all main allowances by 1 per cent would be £210m. With inflation at about 4 per cent, it would therefore be relatively cheap to increase the allowances by, perhaps, twice the rate of inflation. However, such an approach to tax cutting has less political impact than a simple tax rate cut.

The Independent/Newsnight survey found that voters would prefer a lowering of value added tax from its present 17.5 per cent to a cut in income taxes. But VAT changes are expensive – a 1 percentage point change in the VAT rate would cost £1.73bn in 1992-93. Any cut would also look like a climbdown by Mr Lamont because he raised VAT in last year's Budget.

Like all chancellors, Mr Lamont has come under pressure from lobbying groups to help industry by introducing tax incentives for investment or, in the case of the motor industry, by abolishing the special car tax. The Treasury has always been hostile to the first idea because it would undermine the corporation tax reforms of the 1980s, while the car tax move would be expensive, costing about £1.3bn.

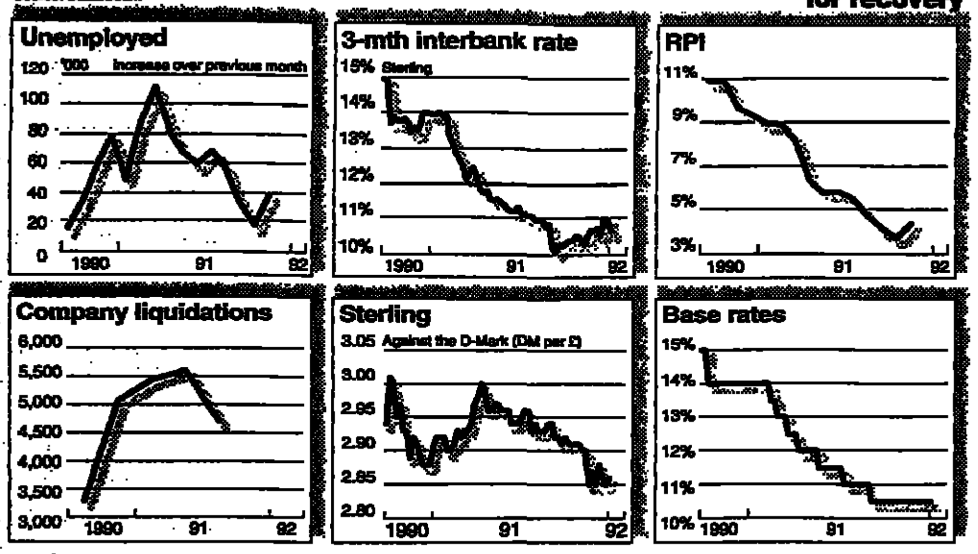
A more imaginative approach for helping business has been put forward by Mr Andrew Dilnot, the director of the Institute for Fiscal Studies. He suggests easing the burden of the uniform business rate. This is levied on companies whether they are making a profit or loss. The valuations underlying the rate were based on the boom conditions of the late 1980s and are now hurting many businesses, particularly in the south east, which have suffered declining property values during the recession.

However, it is unlikely that Mr Lamont will make any final decisions about taxes at Chevening. What is certain is that the meeting will mark the start of a difficult period for the chancellor. On Sunday, Mr Lamont said: "I am determined to do everything I can to help the Conservative party to win the election, but what I'm not prepared to do is take risks with the economy".

His is a high-wire act, which the voters will judge later this year.

Bad economic news... and market constraints... overshadow ingredients for recovery

Source: Datastream



PERSONAL VIEW

More power needed in electricity competition

By David Newbery

The extensive restructuring of the English and Welsh electricity supply industry in March 1990 was meant to make the industry more competitive. With growing public antipathy to the replacing of public monopolies with private ones – as with BT and British Gas – the government was under pressure to design a more competitive industry.

Now, against the wishes of the Central Electricity Generating Board, England and Wales have 12 private regional distribution companies, two private generating companies and the publicly owned Nuclear Electric. The distributors jointly own the National Grid Company (NGC), which in turn owns the transmission system and co-ordinates the generators. The regional distribution companies are closely regulated by the Office of Electricity Regulation, as they are natural monopolies, but the two private generators, National Power and PowerGen, are not regulated.

Together with Nuclear Electric, they submit price bids one day ahead for each power station to the NGC controller. The controller computes the least-cost combination of stations to meet demand, informs the companies which plants to hold ready for despatch and then, on the day, despatches power to meet the varying demand. The "pool" price for each half hour is then normally the price of the most expensive plant to be called on to meet demand in that period.

This practice of generators bidding against each other was presumably the argument for not regulating them, as they would be induced to undercut one another. If they failed to compete aggressively, new suppliers might enter the market with combined cycle gas turbine plants. These are cheap, quick to build, and more efficient than existing coal and oil-fired generators.

Upon privatisation, the generators were fitted with a set of contracts for the supply of coal to the generators, and for the sale of electricity to the distributors. While these contracts remain in force, they have a powerful effect on electricity prices; in the first few months of privatisation, pool prices were rather lower than expected. Recently, however, as some of these contracts have expired, prices have edged up by about 20 per cent since last year, although demand and fuel prices are both lower.

What is likely to happen when the generators come to renew their contracts? What should we expect to happen to the price of electricity in 1993, when the present price caps are relaxed? Electricity consumers are unlikely to sign contracts at prices much above pool prices, and generators would be imprudent to sign contracts below the expected pool price, so future contract prices are likely to approximate the expected pool price.

To predict the pool price without contracts, we have built a simple model* of the pool to see whether the generators are compelled to behave competitively, or whether they can exercise market power.

At low levels of demand, both generators will bid close to fuel costs to ensure that their base-load plant is despatched, but at higher levels of demand it becomes profitable to bid a price that leaves a larger margin over fuel costs. In periods of very high demand, National Power, the largest generator, knows that the demand cannot be satisfied by the remaining suppliers, and so it has a monopoly in this residual market. If National Power bids in its more costly plant at a very high price, it may not be called until demand is high, but then it will be highly profitable. PowerGen, observing this, can afford to raise its bids. The pool will be in equilibrium if each generator has no wish to change its bids, given the schedule of bids of the other. In such an equilibrium, raising bids would mean lower supply and profits, while reducing bids would mean higher supply but lower prices and profit.

What about the threat that such high prices would tempt new generators to enter? This does reduce the temptation for the generators to raise their prices. The best strategy for National Power and PowerGen results in an average pool price about 35 per cent above variable costs, but this is still sufficiently high to attract some 8GW of entry by 1994. At these prices, National Power and PowerGen together have an operating surplus more than twice as high as in their last year under public ownership.

How might the privatisation have been better managed? If the fossil-fuelled stations had been divided into five equal-sized companies, each would have had a well-balanced set of power stations.

The effect would have been dramatic. The incentive to raise prices would have been almost eliminated and, looking to 1994, competition between the five would have kept prices low enough for no extra entry to take place. The average price in 1994 would have been 10 per cent lower than with the duopoly, but the main saving would have been on the extra investment cost of unnecessary new capacity. The country as a whole would be £250m better off each year. The profits of the generators would be slightly lower (by about £100m), but the consumers benefit by £350m.

Put starkly, there are two ways to increase competition. The best way would have been to create an initially competitive industry. Failing that, entry by new companies will achieve similar results, but at the cost of unnecessary spare capacity and higher prices. If our predictions are correct, consumers have further price rises to look forward to as contracts are renegotiated, all because of a failure to get the original structure correct.

**Competition in the British Electricity Spot Market, by Richard Green and David Newbery, Centre for Economic Policy Research, 6 Duke of York Street, London SW1Y 6LA.*

The author is director of the Department of Applied Economics at Cambridge University.

LETTERS

Removal of agriculture would open way to concluding Uruguay Round

From Lord Trefgarne.

Sir, Having served as minister for trade in the Department of Trade and Industry until the middle of 1990, and thus responsible for leading the British delegation to the various General Agreement on Tariffs and Trade meetings at that time, may I express a view upon progress since then.

It is, I believe, common ground that much has been achieved and a general consensus reached in almost all of the negotiating groups, numbering 15 in all, which go to make up the Uruguay Round.

The major problem remains, as it has done from the outset, the resolution of the agricultural question, with current positions even more entrenched than they were a couple of years ago. It seems that there is now near-certainty that the round will founder on this issue, thus setting at naught the whole range of good things which have been achieved in the other groups. Nor is it possible to blame one side or the other.

While I certainly think that the European Community ought to be willing to go further to reform the Common Agricultural Policy, I equally think that our American friends ought to be doing something about the "beam in their own eye" before rounding so forcefully on us and our partners. The truth of the matter is that whether we like it or not the US government and the EC authorities are obliged to accommodate major vested interests in this field and a compromise position looks like being impossible to find.

So, what are we to do? I would like to suggest that we now seek to reach a conclusion to the Uruguay Round by simply removing agricultural products from its application. Overturning the preconception that the various subjects are indissolubly interrelated, we could then begin to apply all the remaining provisions which have been so painfully negotiated. These are now becoming all the more urgent, given the need to lift so much of the world economy out of recession. Thereafter, and in the fullness of time, the agricultural issue can be again addressed in new circumstances and with new faces at the table.

There is also a strong and growing feeling that the time is fast approaching when some new insight and drive in the conduct, control and direction of such negotiations from within the secretariat is necessary. Should the Uruguay Round fail, a change at the helm will be essential if we are to salvage anything from the breakdown of these discussions.

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Dividends and retained profits not of equal value in UK

From R A Hammond-Chambers.

Sir, The statement in your leading article, "Dividends in recession" (January 4) that "Economic theory suggests that the market should put an equal value on retained profits and dividends, except to the extent that the tax system favours one against the other", should be contradicted.

It is not so. the value of retained profits is uncertain and depends on the return made on their investment in the future. In Japan and Germany, where retained earnings have as a generalisation been well invested, retained earnings are highly regarded. In the UK – and other Anglo-Saxon countries – they have not been so well invested; quite naturally, therefore, investors in the UK prefer the rather more certain value of dividends.

When corporate UK proves to its shareholders that profits are better used by the companies for the benefit of the shareholders themselves, then investors will put a higher value on retained earnings – higher, possibly, than on dividends.

Alex Hammond-Chambers,
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The politics of taxation in boom and in recession

From Mr David Fitzsimon.

Sir, It has often been said that the electorate gets the government it deserves. I wonder, however, what we, in our collective wisdom, have done to saddle ourselves with an administration which reduced taxation at the height of an unsustainable boom and may now face the real possibility of a Labour government promising higher taxation in the depths of a recession.

A sure way for Labour to achieve the necessary 10-point lead in the polls to have a realistic chance of winning the next election requires John Smith, the shadow chancellor, to admit that his party's taxation plans are no longer appropriate (if they ever were) to Britain's current economic circumstances. His policies run the risk of being the last straw which finally breaks the back of consumer confidence.

The chances of such a public change of heart, however, are remote. Labour, therefore, deserves to lose the next election. The problem for us long-suffering voters is that the Conservatives barely deserve to win.

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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Training fails if there is no strategy to determine its aims

From Mr David Jenkins.

Sir, You reviewed the recent report of the Chemical Industries Association ("Success of flexible working questioned", January 3). We believe there are wider problems than the report would seem to suggest concerning efforts to increase flexibility of staff by extending their range of skills through training.

The report indicates that a big problem has come to light in the discovery that tradesmen were deficient in their existing (or "core") skills: and that this shortfall delayed the implementation of policies designed to extend their skills.

From our experience, working with some 40-odd firms across a range of process industries (including chemicals), we have found that many large firms have been prepared to spend money on the training of tradesmen (£500,000 is nothing unusual) but that they have secured only a marginal return on their investment.

The reasons for failure are common to most of these companies:

● First, they have sent tradesmen on training courses without first having determined what additional tasks they wanted their staff to be able to do on completion of their training.

● Second, they have made inadequate provision for their staff to practise at the workplace those new skills they learned during their training away from the plant. Without this, newly learned skills are lost.

● Finally, few firms make sufficient provision for the practical assessment of the standard reached by staff in the new skills they have learned. Without this no employer can be sure that a tradesman is competent to apply these skills safely: he is unable to judge whether he has got value for money spent on training: and (here our findings mirror those of the CIA) it is unwise for him to offer extra pay for additional skills unless he has a system to ensure that each person has first reached the required standard.

In short, our experience suggests that for companies to benefit from greater flexibility from staff who have received training, they must first devise a practical strategy that addresses the issues of aims, skill practice and assessment.

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FINANCIAL TIMES
Friday January 10 1992

The intellectual with a merger to engineer

William Dawkins profiles the man France hopes will create a world-beating group

FRANCE has picked an outstanding but little-known product of the public administration to put together and manage its project for a world-beating electronics-to-nuclear energy group.

He is Mr Jean Syrota, 54, a mining engineer who runs Cogema, the state-controlled nuclear fuel company, based in an industrial suburb of Paris. He has kept well out of the public eye and likes to relax by collecting 19th century first edition books – he is especially fond of Balzac – or by doing a spot of handiwork around the home.

The quiet, bespectacled *Mr Syrota is* charged with resolving the French electronics industry's massive problems as it struggles against Asian competition and runs into European Commission resistance at its every attempt to raise fresh capital from the state.

This intellectual is well qualified for the job, as a product of the Ecole Polytechnique, the training ground for generations of the Civil Service élite and a former mandarin at the environment and telecommunications ministries.

He has had little time for home handiwork since being called to prime minister Edith Cresson's office on December 7 and being asked, to his surprise, to take on masterbuilding on a huge scale.

His task is to prepare the merger of the lossmaking civil electronics businesses of Thomson – mainly televisions and other consumer goods – with

Jean Syrota: The home handyman given the job of a masterbuilder

CEA Industrie, the parent company for Cogema, plus Framatome, France's monopoly supplier of nuclear reactors, and a handful of electronics and medical businesses.

He has been asked to report on progress in February, form the group – which he estimates will have annual sales of between FFr75bn and FFr90bn ($14bn-$17bn) – by the middle of the year, and become its chairman.

Mr Syrota defends the project as a legitimate attempt by the state to reorganise its shareholdings more rationally, to enable the electronics industry to raise more cash – although not directly from the nuclear group's coffers – and to help the nuclear industry to continue diversifying as France's demand for new reactors runs down.

"These are decisions which the state has taken not as public authority but as the owner of shares in these companies. The group will be managed like any other, all the more so since it is present in these competitive sectors across the world," he says.

Mr Syrota's first task, not yet complete, is to choose a bank or banks to value the various businesses and to change – by government decree – the statute of CEA-Industrie, which groups the industrial businesses of the Commissariat à l'Energie Atomique (CEA), the atomic energy authority. This would make it directly state-owned, rather than 100 per cent controlled by the CEA, *as at present.*

The outline plan – subject to change, stresses Mr Syrota – is for CEA Industrie to buy the state's 100 per cent direct shareholding in *Thomson*, and for the electronics group to sell to the state its 60 per cent stake in Thomson-CSF, its defence arm.

The resulting group, Thomson-CEA Industrie (TCI), would be 51 per cent state-owned and 30 per cent owned by *the atomic energy authority. The new* group would also issue new shares, to privately owned industrial partners as well as to the state, to provide the cash its electronics activities so badly need.

Mr Syrota's main challenge will be to stem the losses of Thomson's consumer electronics businesses. Here he does not yet have a clear recipe to offer, beyond pointing to the complementarity between Thomson and the interest of some of CEA-Industrie's subsidiaries in flat-screen technology, electrical connectors and medical scanners.

"The nuclear side works on the long term, with a product life of, say, 10 years, while electronics works on the short term, with product lives of more like a year. So there is no reason why they should both hit the bottom of a cycle together. That allows a certain amount of risk sharing," he adds.

Another challenge will be to get the managers from two groups with very different cultures to work together. The staff at CEA-Industrie are used to work*ing for public sector clients, such as* Electricité de France, while Thomson Consumer Electronics is more exposed to the cut-throat world of consumer industry. The *benchmark Mr Syrota* says he will use to measure whether he has won or failed is whether TCI can achieve a net profit-to-sales ratio of the same order as Cogema itself.

Russia bans export of goods in short supply

By John Lloyd in Moscow

THE DEEPENING crisis in the former Soviet states is forcing up trade barriers and triggering strikes by workers and resignations by officials.

Russia will from today ban the export of some 60 commodities in short supply to those republics which have erected *trade barriers against the* export of goods to Russia in the past. The principal target is Ukraine, which is rapidly assuming the status of a hostile country in Russian eyes.

A decree, signed on December 29 by Mr Genady Burbulis, the first deputy prime minister, includes food, alcohol, tobacco, electrical appliances, building materials, cameras and bicycles.

The move appears to reflect a determination by the Russian government to punish enemies and reward friends among its neighbouring states.

Mr Peter Aven, the Russian minister for foreign economic *relations, said yesterday that* the prices republics would be charged for Russian goods would depend on how closely they followed Russian economic reform.

The Baltic states were already being charged world prices, he said.

At the same time, the Council of Independent Trade Unions warned the Russian government to pay promised social compensation for the price rises, and to "reconsider" by next Thursday – and presumably extend – the list of goods still sold at subsidised prices.

If the government failed to *do so, the council said it would* call on members to rally, picket and "take other forms of protest action" next Friday. Russia's miners have also complained that a promised Rbs28bn subsidy to their industry to support higher wages is not being paid; they have been assured by Mr Yegor Gaidar, the deputy prime minister in charge of economic reform, that it will be.

Miners in Kazakhstan, the third largest of the former Union's coal areas producing 100m tonnes of coal a year, have gone on strike in support of a demand to double their pay to Rbs4700 a month – a *sum which would have been an* average yearly wage less than a year ago. Workers in industries in the capital, Alma Ata, are also reported to have been on strike since January 6, when prices were freed.

Mr Nursultan Nazarbayev, president of Kazakhstan, has called for a one-year moratorium on strikes in the republic "to prevent industry from coming to a halt".

The Moscow City administration yesterday announced its collective resignation, following a prolonged struggle with Mr Gavril Popov, the Moscow mayor, over privatisation of houses in the city.

Mr Yuri Luzhkov, the Moscow city chief executive, said last night that a new administration must include "special teams" addressing themselves to economic reform, social protection, the city's economy and development and territorial administration.

West warned on aid, Page 2

Finance problems threaten new Airbus

By Paul Betts, Aerospace Correspondent, in Paris

SEVERE financial and mangement *problems among* the three main partners in the European Airbus Industrie consortium are jeopardising the development of a new airliner.

Although Airbus trebled its operating profits to a record $300m last year, Mr Jean Pierson, the managing director, said the consortium risked being destabilised by the problems at Aerospatiale of France, *Deutsche* Aerospace and British Aerospace.

As well as the development of the 120-seat A319 narrow-body airliner, derivatives of the consortium's new A330/A340 wide-body aircraft may also be threatened.

The consortium's vulnerability to the difficulties facing its partner companies is one of its biggest handicaps in the highly competitive commercial airliner business. The latest cri*sis, triggered by Aerospatiale,* has also highlighted widespread calls to turn the consortium into a more conventional corporate entity distinct from its main shareholders and its national governments.

Aerospatiale, which has a 37.9 per cent stake in Airbus, is understood to be opposed to the development of the A319, a derivative of the A320 narrow-body airliner.

Aerospatiale's other main partners, including BAe with a 20 per cent stake and Deutsche Aerospace with 37.9 per cent, say they would support the $300m to launch the development of the A319. The fourth Airbus partner is Casa of Spain with 4.8 per cent.

Deutsche Aerospace at first opposed the A319 because it feared it would risk competing against its plan to develop a family of 100-120-seat regional airliners. But the German group has since scaled down its programme to the 90-100 seat range to make it compatible with the 120-seat A319.

Mr Pierson said the Airbus board must decide on the A319 by the end of March. But Aerospatiale's management apparently feels hamstrung by anxieties over the financing of its share of the new aircraft programme.

*Aerospatiale is currently fac*ing a cash squeeze because of a declining defence business and heavy cash outflows to finance the build-up of production at its Toulouse for the A330/A340 wide-body programme.

The company also faces considerable uncertainty about its future status. The French government, which has recently launched a restructuring of its state-owned nuclear and consumer electronics industry, is now considering an analogous reorganisation of its state aerospace and defence assets. This could eventually see a regrouping of Aerospatiale, Thomson CSF and possibly the Dassault military aircraft group.

BAe and Deutsche Aerospace are also facing their own problems. BAe is in the midst of a far reaching restructuring following its management crisis last year. Deutsche Aerospace – *the aerospace subsidiary* of Daimler-Benz – is seeking to establish its identity as a leading aerospace company and is expected to undergo further internal restructuring in coming months.

Airbus won 101 new aircraft orders last year. This was 44 aircraft short of its target of 145 orders for 1991 and sharply lower than the 404 orders it won in 1990.

Black Sea Fleet

Continued from Page 1

tell the Black Sea commanders they are under the protection of Russia, and must not take the oath of allegiance to Ukraine now being required of them if they wish to continue serving in the fleet.

In an interview yesterday in the conservative newspaper Sovietskaya Rossiya, Admiral Chernavin said Ukraine had never been a naval power, and would be allowed to operate only a small force to protect merchant ships and deter *smuggling*.

The admiral said that the entire navy was a "strategic" force – in that it guarded strategic shipping lanes.

President's health

Continued from Page 1

ing cancelled breakfast and lunch appointments, Mr Bush last night got through a dinner with *Emperor Akihito*, although the banquet was shortened to about half its planned three hours.

Mr Bush intends to portray his 10-day Asian tour as a successful effort to open export markets and create jobs for American workers when he returns to Washington today.

Immediate assessments in the US of his trip were mixed. Gloomy comments by the *three executives from* Ford, General Motors, and Chrysler may fuel congressional sentiment towards trade retaliation against Japan.

Mr Richard Holbrooke, a former State Department official responsible for Asian affairs, said Mr Bush had made progress in reducing the trade imbalance but at the cost of appearing to blame Japan for the US recession.

Mr Clyde Prestowitz, a former US trade official and advocate of tougher dealings with Japan, criticised the president for over-emphasising the importance of car exports and underplaying new technology.

Pound under renewed pressure

By Peter Marsh, Economics Staff, in London

PRESSURE on the Bank of England to help the pound intensified last night after the currency closed for the first time in London below its effective floor in the European exchange rate mechanism.

A late fall in the currency was triggered as US investors switched money out of D-Marks and into dollars. This movement, prompted by con*cerns about a slowing in the* German economy, weakened the pound in its cross-rate against the D-Mark. It also led to speculation that Germany might soon lower interest rates, reducing strains in the ERM and opening the way for a cut in rates across Europe.

As the pound's slide took place after the 4pm London time at which ERM operations end, the development failed to trigger any immediate official intervention that would normally be required to prop up sterling's value.

At the close, sterling stood at DM2.83, half a pfennig down on the day and roughly a quarter of a pfennig below its effective ERM floor of about DM2.832.

The pound's late fragility was exacerbated by sterling sales in New York by traders worried about the outlook for the UK economy. Its decline was in contrast to the view evi*dent on the London stock mar*ket where investors pushed the FT-SE 100 index 30.2 higher to a close of 2,497.3 on optimism about UK growth prospects and a strong opening on Wall *Street.*

London stocks, Page 21
Currencies, Page 28
World stocks, Page 32

Row likely over plan to aid Ravenscraig area

By Ian Hamilton Fazey and Ivor Owen in London

THE UK government and the European Commission last night appeared to be on a collision course over British ministers' plans to set up an enterprise zone in north Lanarkshire, Scotland, to cushion the closure of the Ravenscraig steelworks later this year.

In an apparent attempt to pour cold water on the proposal, Sir Leon Brittan, the EC commissioner for competition policy, expressed concern that "comments at a very high level" – in this case the British prime minister – had created the impression that setting up the zone was a matter for government decision.

He said any application would be given "careful consideration". The Commission, which must approve the creation of enterprise zones – which are formed to encourage companies to invest in depressed areas – is sceptical about them because it believes the 100 per cent capital allowances available to developers distort competition and encourage tax avoidance.

Any application would represent a U-turn in British policy. The government declared that Britain's 27th enterprise zone – *set up in Sunderland*, north-east England, after months of wrangling between the government and the European Commission – was "the last" when it was designated in April 1989.

In the House of Lords yesterday, Lord Strathclyde, Scottish Office junior minister, admitted to being "unsure" about how long it would take to secure the Commission's approval for the area to be designated a special enterprise zone.

He was criticised for failing to take earlier action to encourage new industrial development in Lanarkshire in anticipation of the closure.

Blow to Clyde port, Page 6

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Berlin	R	8	46	Caracas	C	28	82	Faro	C	13	55	Islamabad	F	17	63
Algiers	S	22	72	Biarritz	F	13	55	Casablanca	S	18	64	Florence	F	10	50	Istanbul	F	10	50
Amsterdam	R	5	41	Bombay	S	26	79	Chicago	R	3	37	Frankfurt	S	10	50	Jakarta	R	32	90
Athens	S	15	59	Bordeaux	R	8	46	Cologne	C	12	54	Geneva	C	8	46	Jersey	F	9	48
Bahrain		–	–	Boulogne	F	9	48	Copenhagen	F	3	37	Gibraltar	C	17	63	Johannesburg	S	29	84
Bangkok	C	28	82	Brussels	C	10	50	Corfu	S	13	55	Glasgow	S	3	37	Lima	F	27	81
Barcelona	R	12	54	Budapest	F	3	37	Dallas	S	10	50	Helsinki	C	-2	28	Lisbon	S	12	54
Beirut		–	–	Buenos Aires	C	28	82	Dublin	F	4	39	Hong Kong	R	16	61	London	R	5	41
Belfast	S	3	37	Cairo	S	17	63	Dubrovnik		–	–	Innsbruck	F	5	41	Los Angeles	S	8	46
Belgrade	S	12	54	Cape Town	C	25	77	Edinburgh	C	2	36	Inverness	C	3	37	Luxembourg	R	8	46

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	18	64	Milan	Dr	4	39	Nicosia	S	15	59	Salzburg	C	8	46	Tenerife	F	18	64
Madrid	S	7	45	Montreal	C	-10	14	Oporto	F	11	52	San Francisco	S	4	39	Tokyo	R	6	43
Majorca	S	15	59	Moscow	C	1	34	Oslo	S	2	36	Seoul	S	3	37	Toronto	C	1	34
Malaga	F	16	61	Munich	C	11	52	Paris	F	9	48	Singapore	F	31	88	Tunis	S	14	57
Malta	F	15	59	Nairobi	F	25	77	Peking	S	6	43	Stockholm	C	0	32	Valencia	F	15	59
Manchester	C	5	41	Naples	F	18	65	Prague	F	9	48	Strasbourg	C	12	54	Venice	F	5	41
Manila	F	32	90	Nassau	F	25	77	Reykjavik	R	5	41	Sydney	F	23	73	Vienna	Fg	0	32
Melbourne	C	18	64	New Delhi	S	12	54	Rhodes	F	16	61	Taipei	C	14	57	Warsaw	C	6	43
Mexico City	C	22	72	New York	C	2	36	Rio de Janeiro	C	28	82	Tangier	C	16	61	Washington	R	6	43
Miami	C	17	63	Nice	F	12	54	Rome	F	13	55	Tel Aviv	S	15	59	Zurich	S	6	43

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

The curse of the car dealers

The Japanese car industry's agreement to double its use of US-made components looks a folly almost as monumental as the two countries' semi-conductor pact of 1986. That agreement led to exaggerated US expectations of the Japanese market, recurring bilateral friction, trade sanctions and an embarrassing investigation by the Gatt. It did nothing to reduce Japan's trade surplus with the US.

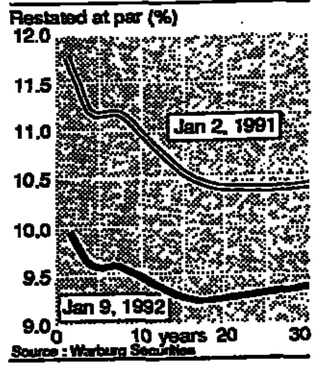
The safest bet is that the car pact will be equally damaging, especially as Japanese manufacturers were already warning on US quality and price yesterday afternoon. There is little prospect of the deal doing much to help the beleaguered US industry. But it does contain the seeds of more trade *disputes over the medium* term, incidentally putting Tokyo under continuing pressure to tailor its exchange rate and economic policy to Washington's requirements. Worse still, the US has shoved Japan a further step down the road to managed trade, the last thing needed by a fragile world economy.

There are implications at the European corporate level, too. *The main impact is supposed* to be on procurement by the US plants of Japanese car companies. But in so far as Japanese imports of US components and, indeed, finished cars are also supposed to rise, this will be at the expense of European manufacturers like Lucas, Bosch, Daimler-Benz, BMW and Rover. Awkwardly for them, Messrs Bush and Miyazawa have used an old trick of making the deal a "voluntary" industry-to-industry agreement, which puts it outside the remit of the Gatt.

FT-SE Index: 2,497.9 (+30.8)

UK gilts yields

Restated at par (%)



Source: Warburg Securities

EC airlines

On the face of it, yesterday's report that KLM's chairman is prepared to sacrifice the airline's name in a deal with British Airways seems extraordinary. The Dutch are perhaps less touchy about sovereignty than their EC counterparts. But there is no clearer symbol of national pride than a country's flag carrier, and hence no greater obstacle to the sort of *cross-border industry* rationalisation Europe so sorely needs.

It could be, of course, that Mr Bouw's remarks will simply raise hackles back home and scupper negotiations. But on the assumption that a two-way tie-up is now much more likely than the much-hyped grouping with Belgium's Sabena ever was, the question is what the Brussels competition authorities will make of it. There is, after all, a widespread perception that a merger bringing together the two private sector heavyweights would ultimately be blocked.

In fact, it is hard to see why. Any deal would come under exhaustive scrutiny from the EC and almost certainly provoke hostility from French and German lobbies. But while the EC's airline policy may sometimes seem muddled, it has always recognised that further concentration in a global market place is finally inevitable. A combined BA and KLM, for instance, would still be smaller than the three big American carriers. No doubt changes would be required to stop individual route monopolies and smooth the way for new entrants. But it is worth remembering that London-Amsterdam is one of the best served routes; *nor is competi*tion exactly lacking on the North Atlantic. While US experience suggests that cost savings from a merger are as likely to go into lower fares as into shareholders' pockets, the numbers are impressive – perhaps £200m for BA alone.

Gilts

With long gilt yields heading down towards 9 per cent, a level seen only fleetingly in the past decade, the prospects of an ultra-long issue this year are growing. When the Bank of England resumed borrowing last year it confined itself to a maximum maturity of 20 years, partly because of the high absolute level of rates and partly to tap large overseas demand for 10-year paper. A prospective doubling of new issuance in 1992-93 and heavy corporate borrowing of 10-year funds now suggest the need for a 25 or even 30-year benchmark issue of some £3-4bn in all, designed to appeal to domestic institutions.

The question is one of timing. The Bank is not currently under particular funding pressure. *It will also want a rate* low enough to avoid the imputation that it has less than total faith in Britain's long-term ability to restrain inflation by keeping sterling in the ERM. The risk of exchange market upsets before the election argues for delay till the summer or autumn. If Labour wins, however, the opportunity may then be lost, as institutions could demand an unac*ceptable premium* for long-term money. The funding constraints on Labour would thus be twofold. Not only would its borrowing requirement prompt higher overall rates; it might also have to bunch its funding towards the *short* to medium end of the maturity spectrum.

Pharmaceuticals

The perplexing strength of the UK pharmaceutical sector continues. Glaxo, Fisons and Wellcome went up 4 per cent yesterday, SmithKline Beecham 3 per cent. Considering Wellcome and Glaxo were also the FT-SE's best performers last year, this might suggest the UK market is still in defensive mood. But the FT-SE's top performers this year so far are all bombed-out high yielders: *Lonrho, Trafalgar House and* Guardian Royal Exchange.

The paradox may be partly explained by an appetite for UK drug stocks among US investors. They might perhaps reflect that whereas their own drug sector outperformed the US market by only 28 per cent last year, the UK sector outperformed by 50 per cent. This was chiefly determined by the performance of Glaxo, which accounts for half the sector by value. But Glaxo's strength last year was partly due to belated realisation of the promise of its new drug portfolio. The trouble now is that while the *clinical potential* of these drugs has become clear, it is too early to assess their commercial potential, Zofran excepted. It might be recalled that in mid-1983, when the promise of Zantac was first fully appreciated, the shares reached their highest ever multiple of 32. They are now on a multiple of 27. Whether Glaxo can repeat the growth of the early days of Zantac from a vastly bigger base is open to doubt. It should also be recalled that in the second half of 1983, Glaxo underperformed the market by 30 per cent.

FINANCIAL TIMES
COMPANIES & MARKETS

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INSIDE

J. P. Morgan profits rise 41% to $269m

J. P. Morgan, the New-York based banking group, yesterday reported a 41 per cent increase in fourth-quarter profits to $269m, opening what is expected to be a strong quarterly earnings season for Wall Street. Total earnings for the full year rose from $1bn to 1.15bn. Page 17

Maxwell share support revealed

The illicit operation by the late Mr Robert Maxwell to support the shares of Maxwell Communication Corporation may have begun as early as October 1990, documents obtained by the Financial Times reveal. Page 16; Pension funds, Page 19

Honda cuts earnings estimate

HONDA Honda Motor, the Japanese carmaker, yesterday slashed its earnings estimate further for the year to end-March in response to weakening sales at home and abroad. Honda said its consolidated after-tax profits would be Y63.1bn ($505.6m), compared with an earlier forecast of Y80.1bn. Page 17

All change for an Italian bank

One of Italy's banks is to undergo a sex change. Banco di Roma, until recently controlled by the IRI state holding company, is to take part in a bank merger to produce Banca di Roma. The new bank will be Italy's second-biggest financial institution, with total assets more than L130,000bn ($113.2bn) and some 1,100 branches by end-1992. Page 16

Liffe presses for an answer

The London International Financial Futures Exchange has asked firms to confirm by today which equity options they plan to make markets in so that preparations can be completed for the London Traded Options Market's move to join Liffe at Cannon Bridge at the end of the month. Page 18

Isosceles outlines strategy

Isosceles, the highly geared UK management buyout vehicle for the Gateway food stores, lifted interim pre-tax profits to £17m ($31.6m) from a previous £700,000. According to Mr Ernest Sharp (left), chairman, the group's objective remained to refloat on the market, which could happen within one to three years. One of the main obstacles to reflotation is the disposal of Herman's, the group's sporting goods retailer in the US. Page 19

Citibank sells Saudi stake

Citibank has confirmed that it sold a quarter of its 40 per cent stake in Saudi American Bank last month to two Saudi government-run pension institutions but would not say how much money was raised by the sale. Page 17

Attack on Iberian fishermen

Mr John Crosbie, Canada's minister of fisheries and oceans, has attacked Spanish and Portuguese fishing vessels operating outside Canadian waters, accusing them of "raping" the fish stocks. Page 29

Mexico wins on equity returns

North America and the Pacific Rim excluding Japan provided the best returns for equity investors in 1991, while Europe lagged behind, according to the FT-Actuaries World Indices quarterly valuation table. Mexico was the outright winner with a rise of 138 per cent, while Finland lost 24.4 per cent on the year. Page 32

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Asko Pf	615	+	15	BNP Cert Inv	350	+	22
Deckel (Pf)	212	+	19	Club Mediterran	445	+	26
Kaufhof	448	+	16	Ecco	379	+	24
Thyssen	219	+	8.5	Imetal	270	+	21.5
Falls				UAP	540	+	35
Colonia Konz Pf	515	−	20	Falls			
[illegible]	255	−	9	Arjomari Prioux	1690	−	85

NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Intel	54	+	1¾	Hoxan	920	+	100
Time Warner	94⅜	+	3⅝	Ichikawa Wool	650	+	80
Falls				Nippon Carbon	867	+	100
Adobe Systems	82¼	−	3½	Nippon Piston	795	+	100
[illegible]	70½	−	2⅝	Nitto Seimo	850	+	80
Morgan (J.P.)	58	−	2	Shinpo Kako	1700	+	190
USAir	13¾	−	⅝				

New York prices at 12.30.

LONDON (Pence)							
Rises				Wellcome	1043	+	35
APV	128	+	20	[illegible]	244	+	15
Abbey	67	+	4	Falls			
Amersham Intl	453	+	24	Clinton Cards	89	−	9
Brit Aerospace	322	+	11	[illegible]	785	−	40
Burmah Castrol	490	+	16	Lucas Inds	109	−	5
[illegible]	768	+	38	Merchant Retail	21	−	10
Dunhill	401	+	13	Sheff'ld Insul	65	−	25
Glaxo	923	+	38	Tesco	217	−	7½
Prudential	292	+	12	United Energy	37	−	3
SmithKline Bch A	841	+	36				
Treatt	96	+	11				

Dutch airline optimistic of agreement over question of landing rights

BA and KLM edge closer to merger

By Daniel Green in London

THE PROPOSED tie-up between British Airways and KLM Royal Dutch Airlines came a step closer yesterday as KLM said a solution to one of the more intractable obstacles to the deal, that of landing rights, had "probably been found".

Landing rights for flights by airlines between two countries are set in government-to-government talks. A merger between BA and KLM might jeopardise such rights if it seemed that a carrier's status as the national airline would be undermined.

The news came as KLM attempted to play down the impact of remarks by Mr Peter Bouw, KLM president.

He said KLM might abandon its name in the interests of a "common structure and identity". Mr Bouw said: "A consequence of co-operation talks is that parts of your independence must be given up."

KLM later said Mr Bouw had made "informal" and "general" comments that were then reported in the Dutch press. It would give no details of the landing rights agreement. The company's shares nevertheless rose Fl 1.1 to Fl 41.6 on the Amsterdam stock exchange in the hope that a merger was close.

Mr Bouw also said the airlines, which have been in merger talks since November, had made progress on the form of the planned deal. "The financial structure is exceptionally interesting. It contains many innovative elements," Mr Bouw said.

He added that the initial move towards closer ties had come from BA. BA declined to comment on KLM's statement.

KLM and BA revealed in November 1991 that they were in talks on a possible merger. The combined company would be the largest carrier in Europe, although it would remain some way behind US carriers such as American Airlines and United Airlines.

Competition is stiff and airlines have seen profits fall in the wake of last year's Gulf war. KLM might eventually give up its name "because BA is the stronger brand", said Mr Tim Coombs, an analyst with London broker County NatWest. BA is about three times the size of KLM.

Even if the two airlines come to an arrangement between themselves on landing rights, problems might still remain to be solved. "Individual governments would still be able to object," said Mr Ian Wild, an analyst at London securities house BZW.

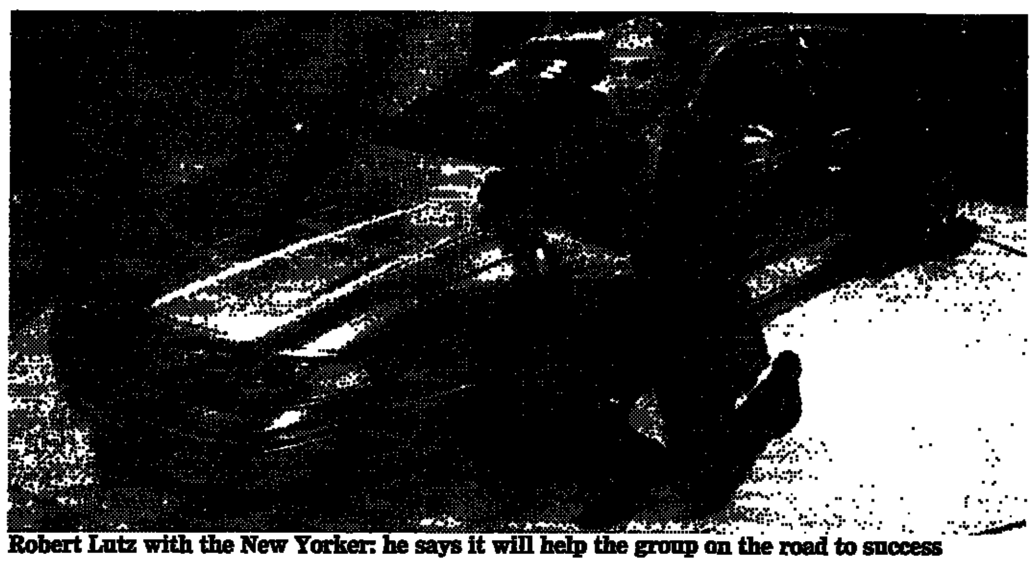
Any solutions that received goverment approval could set a precedent for other cross-border airline mergers.

Lex, Page 14

New products must prove the motor group can beat the Japanese

Chrysler aims to be a star in Motown

By Kevin Done, Motor Industry Correspondent, in Detroit



Robert Lutz with the New Yorker: he says it will help the group on the road to success

Mr Robert Lutz, president of Chrysler, is hogging centre stage at the Detroit motor show.

While the financial community in New York was this week underlining the troubled carmaker's financial fragility by further relegating Chrysler's debt into the junk bond realm, Mr Lutz was intent on becoming the smash-hit in Motown.

He has proved a notable survivor as he has jumped from BMW to Ford to Chrysler. Now he is seeking to pull off the same trick for his financially beleaguered company, whose survival is again on the line.

Chrysler desperately needs new products to stem the assault by the Japanese. Last year for the first time it slipped out of its accustomed third place behind GM and Ford in the US car market to be overtaken by both Honda and Toyota.

An ill-judged diversification move deprived Chrysler of funds for new product development in the mid-1980s, and the group is setting out to prove that it has rediscovered – in the nick of time – its business core. That is to design, develop and launch new products that are credible even when measured against the benchmark of world-class Japanese competition.

The enormous funds needed for new product development mean its survival as an independent carmaker will be on a knife-edge in the 1990s. Further, raising new finance has been made more difficult by the downgrading of its credit to below investment status. But Chrysler is making a brave statement in Detroit this week.

On successive days it has rolled out to public view:

- the limited-production Dodge Viper, a no-compromise, exotic, image-building sports car with an 8 litre, V10 engine capable of 0-60mph in 4.5 seconds and a top speed of 165mph;
- its Jeep Grand Cherokee, a new top-of-the-range four-wheel drive sports utility vehicle; and most importantly,
- a new generation of large executive saloon cars, the result of a $1.5bn development programme.

This, the LH project, is one of the most ambitious product strategies ever undertaken by Chrysler, and marks its first all-new car programme for more than a decade. The cars, to be launched in the autumn in North America as the Chrysler Concorde, Dodge Intrepid and Eagle Vision, are aimed at re-establishing Chrysler in the heartland of the US market for mid-size and full-size executive cars, where it has lost considerable market share. The range includes the New Yorker, to be produced next year.

The LH project is the most important result to date of Chrysler's planned spending of around $16.6bn from 1991 to 1995 on new product development and the modernisation of its facilities.

By 1995 it is aiming to replace all its car range, introduce the sports/utility vehicle, a new pick-up, and develop five new engines and five transmissions.

It is a daunting task for a company which lost money heavily last year – a net operating loss of $553m in the first six months – and which, like its rivals, is in the grip of recession, but unlike its rivals has little compensating presence outside North America.

This week's product launches should show there is more than rhetoric behind the Chrysler management's oft-repeated claim, that "we are re-inventing the way we do business".

Mr Lutz insists that the company has made significant progress towards becoming a "lean" producer and towards matching Japanese levels of quality, productivity and efficiency, not only in the manufacturing process, but as importantly in the design, development and engineering of new products.

Chrysler's relationship with its Japanese partner Mitsubishi Motors has been stormy, but it has been able to learn the benchmark standards set by the Japanese at first hand.

With the LH car project, Chrysler claims that it has taken a full year out of the development cycle, going from final clay model to first production in 3¼ years. The team of vehicle engineers was kept to a peak of 743 compared with the original budget of 1,400 and what Mr Lutz refers to disparagingly as a cast of thousands at Ford and GM.

Mr Glenn Gardner however, who led the LH project, accepts that Chrysler is still "10-15 per cent behind" Japanese efficiency levels.

The new car project has cost around $1.5bn, an enormous sum but Mr Lutz claims it is less than half what Ford spent on its Taurus/Sable range in the mid-1980s, and less than the $2bn originally budgeted.

Chrysler cut the number of expensive prototype development vehicles by 25 per cent, but Mr Gardner says it must take out another 20 per cent next time. It was driving prototype vehicles 95 weeks before launch, 30 weeks earlier than ever before.

Mr Lutz claims that the management revolution at Chrysler has been led by the creation of "platform teams" for each new product development.

"We've brought perestroika to our company. We took our big, traditional, monolithic, vertically-oriented hierarchies – our design department, our engineering department, purchasing, manufacturing, sales and marketing – and broke them apart and reorganised them into lean, nimble, vehicle-focused platform teams," he said.

In its fight for survival and with the failed 1990 merger talks with Fiat behind it, Mr Lutz says that Chrysler is now "determined to stay independent. You cannot motivate your people if there is a 'For Sale' sign on the building."

It remains to be seen whether the company's bout of perestroika is also enough to motivate fickle US car buyers to start choosing Chrysler again.

Lex, Page 14

Apple to move into consumer electronics

By Louise Kehoe in San Francisco

APPLE COMPUTER plans a big thrust into the consumer electronics market from the second half of this year in a bid to expand its sales. The group's plans include the launch of consumer versions of its personal computers and the development of a range of electronic products which it calls "Personal Digital Assistants".

Mr John Sculley, Apple chairman and chief executive, said the company would begin by establishing its presence in consumer electronics sales channels in the US later this year.

He said Apple's entry into the consumer business would be "additive and complementary to its core personal computer business, and is part of the company's phased approach to expanding its markets".

Apple plans to introduce new versions of its Macintosh personal computers with built-in compact disc players offering video, as well as sound, graphics and text. Mr Sculley said these "multimedia" systems were expected to be available in the US for the 1992 Christmas selling season.

From the end of the year Apple also plans to offer the first of its new Personal Digital Assistant products. Mr Sculley said these products would have specific consumer applications, unlike general-purpose personal computers.

He said products Apple envisaged launching over the next few years included: electronic books, display telephones, interactive "multimedia players" offering high-quality video, sound, graphics and text, wireless communicators combining telephone and computer technology, and personal organisers that could fit in the palm of the hand.

Alliances with established consumer electronics companies would be a key element of Apple's strategy to enter the field, Mr Sculley said. Apple was building such relationships with several companies, he added.

"New products based on Apple-created software technologies will be introduced in 1993, both under the Apple brand and also by several other companies under their own labels," he said.

Although Mr Sculley declined to identify Apple's new partners, they are expected to include several of Japan's leading consumer electronics manufacturers.

He added: "We are interested in playing an important role in creating easy-to-use devices for digital-based consumer information services."

France plans to encourage swing to private pensions

By Alice Rawsthorn in Paris

THE French government proposes to reform corporate pension schemes and create new private equity plans. The pension proposals, due this spring, are part of efforts to expand the use of private pensions, which could have consequences for France's financial markets.

Mr Pierre Bérégovoy, the French finance minister, yesterday told a conference in Paris he planned to launch a tax-efficient private equity plan. He also said he would unveil proposals in early April for the *fonds salariaux*, the corporate pension schemes used by a few senior managers.

The French stock market, which has long hoped for measures to encourage the development of private pensions, rose on the news. The main Paris bourse index, CAC 40, ended the day 2.7 per cent higher at 1,833.86.

Most French pensions are administered by the state, with the exception of the *fonds salariaux*, available only to a minority of the workforce.

The pensions system is administered by the Caisse de Retraite, which acts as a cash manager by paying pensions with money from those in employment.

It is coming under increasing strain as the French workforce grows older. By the year 2020 France is expected to have more people living off pensions than there are in employment to pay for them.

As a result, the French government has been looking at ways of stimulating the use of private pensions, a politically sensitive subject given the opposition of the powerful trade union lobby.

The expansion of private pensions has important implications for the French financial sector:

- It provides a potentially lucrative new market.
- It could produce a sorely needed source of investment for the stock market helping to improve liquidity.

Mr Robin Hubbard, European economics analyst at Paribas in London, said: "At present we don't know exactly what the French government plans to do. But the development of private pensions would be good news for both equities and bonds."

In the longer term the emergence of a new breed of private investment institutions could also affect the French stock market. The institutions would be well placed to argue the case of other shareholders in the corporate rows that flare up so *frequently in France.*

Nippon Sanso buying Tri-Gas for $90m

By Robert Thomson in Tokyo

NIPPON SANSO, the Japanese industrial gas producer, is to pay $90m for Tri-Gas, a Texas-based gas maker which is likely to become part of the Japanese company's growing US network of companies supplying the semiconductor industry.

Early last year Nippon Sanso faced US Justice Department opposition to the purchase of Semi-Gas, a leading US maker of gas equipment for semiconductors, but a court ruled in March that the acquisition did not violate anti-trust legislation.

Nippon Sanso said Tri-Gas, with a staff of 320 and annual sales of about $70m, produced oxygen, nitrogen and other gases for steel, chemical and other US industrial companies.

However, the Japanese company said it would eventually form part of its "total gas centre" network supplying the semiconductor industry.

A Nippon Sanso spokesman said: "The company is simply a supplier of general use gas. We want to link its capability to that of our other US companies."

Opposition to the Semi-Gas purchase became a symbol of US concerns about foreign acquisitions of high-technology companies.

The inter-agency Committee on Foreign Investment approved Nippon Sanso's bid, made through Matheson Gas Products, an earlier acquisition by the Japanese company, but the Justice Department attempted to block the purchase.

Nippon Sanso said Tri-Gas was purchased in the hope that demand for industrial gas would increase with a recovery in the US economy, and that demand from high-technology companies for special gases would expand.

In the Japanese market, Nippon Sanso, the largest producer of oxygen, has been hit by rising materials and transport costs. The company also has a joint venture in Malaysia, and a facility in Singapore.

- Toray Industries, the Japanese synthetic fibre maker, yesterday announced a Y13bn ($101.6m) expansion of its US production capacity in polyester films, used in products such as video tapes, floppy disks and printer ribbons.

The company, through its wholly-owned Toray Plastics (America), known as Trea Industries before being acquired by the Japanese maker in 1985, will expend the capacity of its Rhode Island plant from 8,000 tons to 20,000 tons by March 1994.

Papers show Maxwell share support scheme

By Bronwen Maddox in London

THE ILLICIT operation by the late Mr Robert Maxwell to support the shares of Maxwell Communication Corporation may have began as early as October 1990, documents obtained by the Financial Times reveal.

The share support scheme is the target of one of four investigations by the Serious Fraud Office into the publisher's collapsed empire.

Price Waterhouse, administrators of MCC, have focused on Corry Stiftung, a Liechtenstein foundation, and several other secretive offshore and continental European trusts in their search for more than £500m ($910m) in cash and assets missing from the company.

Copies of bank account statements of Corry Stiftung show that on October 29 1990, £319,476 was taken from its current account, number 247-935-013 with the Private Trust Bank Corporation of Vaduz, *Liechtenstein, to buy* shares in MCC, one of Mr Maxwell's publicly-listed companies.

Bankers and administrators suspect that Mr Maxwell spent some £150m in buying shares in MCC without disclosing his interest – which is illegal – and that he used MCC's own funds to help do this.

Mr David Lee, who is heading Price Waterhouse's investigation into MCC's missing assets, said that Corry Stiftung is "a significant debtor" of MCC, owing it "considerably over £20m".

Price Waterhouse has not yet investigated these particular transactions, but "they may mean that support for the share price began nearly six months earlier than we had been thinking", Mr Lee said.

The funds for the October 29 share purchase came from a high-interest account in Liechtenstein, but the source of that money is still unclear.

The documents also show that on *November 12, £36,570* was taken from the Corry Stiftung current account to buy more shares in MCC. The term "EFF-KAUF" in the bank state*ment stands for Effekten Kauf*, or purchase of securities.

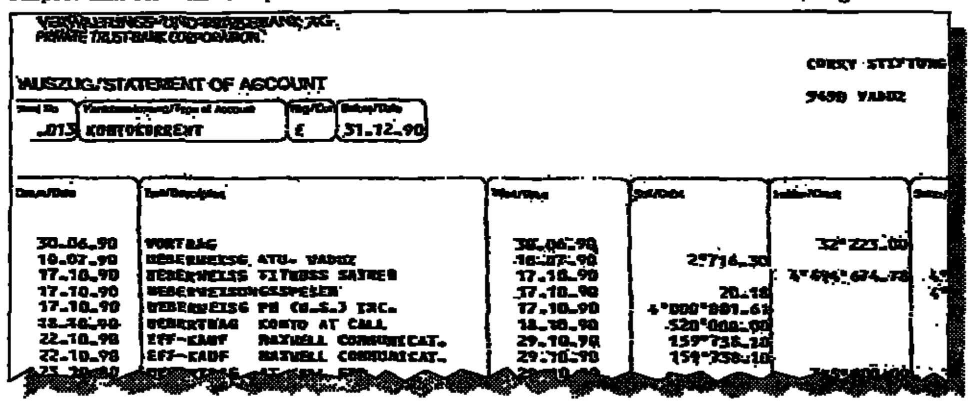
A separate transaction on the bank statement shows how £4.5m flowed into Liechten*stein on October 17 1990* and £4m out the same day to PH(US)Inc, a Delaware-incorporated private Maxwell holding company. PH shares its address in Elmsford, New York, with several Maxwell holding companies and part of Pergamon Press, the scientific journals publisher which Mr Maxwell sold last year.

A senior tax executive at Elmsford declined to comment on the relationship of PH(US)Inc to other Maxwell companies or the purpose of the October 1990 transfer.

However, Mr Lee said that Price Waterhouse was also investigating advances of "substantial amounts" in 1991 to PH(US)Inc from Macmillan, MCC's main business.

Titmuss, Sainer and Webb, the London solicitors who credited Corry's account with *£4,494,675 on October 17 1990*, say that client confidentiality prevents them disclosing the source of the money. However they confirm that they acted *for MCC as well as for Maxwell* private companies until they resigned from MCC after Mr Maxwell's death to prevent conflicts of interest.

Pension funds, Page 19



AUSZUG/STATEMENT OF ACCOUNT

CORRY STIFTUNG
9490 VADUZ

.013 KONTOKORRENT £ 31.12.90

30.06.90	VORTRAG	30.06.90			32'223.00
10.07.90	UEBERWEISG. ATU- VADUZ	10.07.90		2'714.30	
17.10.90	UEBERWEISS TITMUSS SAINER	17.10.90			4'494'674.78
17.10.90	UEBERWEISUNGSSPESEN	17.10.90		20.18	
17.10.90	UEBERWEISG PH (U.S.) INC.	17.10.90	4'000'001.61		
18.10.90	UEBERTRAG KONTO AT CALL	18.10.90	520'000.00		
22.10.90	EFF-KAUF MAXWELL COMMUNICAT.	29.10.90	159'738.20		
22.10.90	EFF-KAUF MAXWELL COMMUNICAT.	29.10.90	159'738.10		

Decline in cross-border bids and deals

THE VALUE of cross-border mergers and acquisitions fell 55 per cent last year to $51.9bn, according to management consultants KPMG Peat Marwick. *That is the lowest level since* KPMG began recording deals in 1988, writes Guy de Jonquières.

The number of deals fell less sharply to 1,793 from 2,725 the *previous year. There were only* five deals worth more than $1bn each, compared with 23 in 1990.

For the first time in four *years, the European Commu*nity overtook the US to become the most popular target region for takeovers. Cross-border sales of EC companies totalled $23.3bn, compared with *sales of US companies worth* $18.7bn.

The US remained the single most popular target country, followed by Britain, where *sales totalled $9.1bn, compared* with $20.4bn in 1990.

Cross-border purchases by British companies fell to $6.3bn from $20.6bn the previous year.

Nobel to sell consumer goods unit to Henkel

By Robert Taylor in Stockholm

NOBEL Industries, the Swedish chemicals and defence group, is selling its consumer goods division to Henkel, the German chemicals group best known for its range of washing powders.

The divestment will mean an increase in Nobel's own capital of around SKr2bn, with a net profit of SKr150m ($27m) from the transaction.

Mr Ove Mattesson, chief executive at Nobel Industries, said the sale would improve the Swedish group's own *financial position and was in* line with Nobel's stated policy of concentrating its activities in those sectors with the best long-term growth possibilities.

The company made a SKr1.5bn loss for the first eight months of 1991, mainly because it was forced to write-off SKr1.8bn of its equity in *the finance company Gamlestaden*, which collapsed last August.

The consumer goods division achieved a SKr2.6bn turn*over last year which accounted* for 9 per cent of Nobel's group sales and for 14 per cent of its SKr1.04bn profits (after financial items). It is involved mainly in the manufacture of chemical-technical products for cleaning and polishing as well as hygiene care.

Mr Mattesson said Nobel lacked the financial resources to carry out the structural changes and expansion within the consumer goods market but he added Henkel would be in a good position to improve its growth.

The German group, which employs 42,000 workers had a SKr47bn turnover last year. It *is strong not just in Germany* but also in Italy, France and Spain. The acquisition of Nobel's consumer goods gives it a first foothold in the Nordic market.

United Parcel deal

UNITED Parcel Service, which claims to be the world's biggest package distributor, is to acquire Beemsterboer, the Dutch shipping group, writes John Thornhill.

Italian banking finds a new force

Haig Simonian in Milan looks at a three-way Roman bank merger

ITALY'S banks have been known for strange moves over the centuries, but sex changes have not been among them. Not, at least, until now.

That is what will happen to Banco di Roma, the big Rome-based bank until recently controlled by *the IRI state holding* company. It will become part of three-way banking merger under way with Cassa di Risparmio di Roma, the Rome savings bank, and Banco di Santo Spirito, another sizeable Roman bank, also formally owned by IRI.

The product, to be called *Banca di Roma, will be Italy's* second biggest financial institution, with total assets over L130,000bn ($113.2bn) and some 1,100 branches by end-1992.

Although the difference in connotations between a Banco and a Banca may be lost on most Italians, let alone foreigners, the new name will be a *small but significant sign of* changes in the country's creaking banking system.

The three banks fit well together. The Rome Cassa is *concentrated in Rome and* Lazio; Banco di Santo Spirito is also strong locally, but has nationwide branches, too. And while Banco di Roma has no *particular local roots, it offers* a sizeable national and international network.

*Their skills are also comple*mentary. Banco di Roma's dependence on relatively volatile interbank funds will be counter-balanced by the established local deposit base of its two partners. But Banco di Roma will also provide many of the international banking skills, particularly in capital *markers, which the other two* lack.

IRI's willingness to sell stemmed partly from the fact that both Banco di Roma and *Banco di Santo Spirito have* reputations which are more illustrious than their earnings. In 1990, Banco di Santo Spirito's net profits amounted to *L92bn*. Net profits at Banco di Roma were L159.2bn on total assets of L75,052bn.

By just changing one letter, the new Banca di Roma should *capitalise on the strong* national identity and international familiarity of its almost eponymous predecessor. Yet the switch from masculine *(banco) to feminine (banca)* will also provide a newer and more modern gloss, according to Mr Cesare Geronzi, director general of the Rome Cassa.

Whatever the semantics, investors may be well-advised to remember the name. Under the complex merger, IRI now has 35 per cent of holding company controlling the three banks.

However, IRI's current financial problems mean it may end up with much less before the new bank takes shape.

Mr Geronzi will not say whether or when IRI might *float its shares*. But many analysts believe that private investors, rather than IRI, *will eventually form the* second biggest shareholding group in the new bank after the foundation which controls the Rome Cassa itself.

The investment could be appealing. Banco di Roma, which until last year was the only member of the trio to be quoted, has hardly been a star; only in 1991 year did it resume dividend payments after a five-year gap.

By contrast, Mr Geronzi forecasts the new Banca di Roma will have operating profits of L1,800bn in 1992. That will represent a full year's contribution from the Rome Cassa and Banco di Santo Spirito, and six months' earnings from Banco di Roma, which will be integrated by next April.

His optimism is indirectly confirmed by some bankers' astonishment that the deal has been allowed to go through without running into anti-cartel barriers.

Geronzi: predicts L1,800bn operating profits

Although the new bank will have a virtually uncontested position in central Italy, Mr Geronzi denies that a monopoly will be the primary motor for its profits. "When we thought this up it wasn't to create the biggest bank in Italy but to create a unit able to *fight growing competition* and retain its market share, and then go on to win more," he says.

Earnings may also be limited *by Italy's* powerful bank unions and strict job protection laws, which will hamper large-scale rationalisation. Even Mr Geronzi talks of staff transfers rather than cuts.

That may be partly explained by the fact that the new bank still has room for organic growth. In the 20 towns where the Rome Cassa and Banco di Santo Spirito have overlapping branches, closures have been avoided by moving one branch to another part of town. The market could sustain both branches, and closing one would only have opened the door to a competitor, he explains.

The Rome Cassa will also continue its strategy of taking minority stakes in neighbouring savings banks. So far, it has struck deals with two banks, with a third due by the year-end.

Eventually, Mr Geronzi would like to extend such deals as far north as the rich region *of Emilia Romagna*. "Obviously it's a slow process, but we have a lot of talks with other local savings banks under way," he says.

Roche boosts sales 19%

By Ian Rodger *in Zurich*

ROCHE, the Swiss pharmaceutical group, said in a preliminary statement that *consolidated sales in 1991* increased by 19 per cent to SFr11.5bn ($8.2bn) and it expected "a gratifying improvement" in profits.

All divisions contributed to the increase, which was only 15 per cent in local currencies. Sales of the pharmaceutical division, accounting for over *half of the total, were up 23 per* cent to SFr5.9bn. The antibiotic Rocephin and the anti-rheumatic Tilcotil were notable contributors to the growth.

Sales of vitamins and fine chemicals, 24 per cent of the total, grew 14 per cent to SFr2.7bn, due partly to grow*ing acceptance of the prophy*lactic benefits of beta-carotene.

In the fragrances and flavours division, above-average growth rates were achieved for *flavours and chemicals sales*, but demand for fragrances in the luxury perfume sector declined. Division sales rose 22 per cent to SFr1.3bn.

*Sales in the service labora*tory business in the US were weaker but the diagnostics division as a whole had an increase of 8 per cent to SFr1.4bn.

Rite Aid drops Revco plan

By Nikki Tait in New York

RITE AID, the US drug store chain, yesterday withdrew its reorganisation plan for Revco, *a rival retailer which is in cur*rently in bankruptcy.

In a formal statement, Rite Aid said that it would not seek "confirmation" for the plan, *which would essentially have* involved Rite Aid in acquiring Revco, at a bankruptcy court hearing next Monday. It claimed that bidding levels had *made the potential acquisition* "uneconomical".

Rite Aid's decision follows an undecisive ballot among Revco creditors last weekend over three competing reorganisation plans – from Rite Aid, from another retailer, Jack Eckerd, and a Revco-backed creditors plan. The last of these proved most popular, gaining majority support from four of the seven creditor groups. The Rite Aid and Eckerd plans were backed by two and one classes respectively.

Earlier this week, Revco appeared hopeful that the weight of support behind the creditor plan would encourage the bankruptcy court to force this scheme on dissenting parties at the confirmation hearing, which was delayed from *January 8 to January 13.*

INTERNATIONAL CAPITAL MARKETS

J P Morgan soars 41% to $269m

By Patrick Harverson in New York

J.P. MORGAN, the New-York based banking group, yesterday capped an excellent 1991 by reporting fourth-quarter profits of $269m, opening what is expected to be a strong quarterly earnings season for Wall Street.

The 41 per cent increase in final-quarter income took total earnings for the full year to $1.15bn, up from $1bn in 1990. When extraordinary gains last year and in 1990 from the early retirement of debt and from accounting changes are taken into account, however, Morgan's underlying earnings actually rose 44 per cent in 1991.

A highly favourable interest rate environment, increased trading revenues, good growth in fee-related businesses and solid corporate finance results were behind the increase in fourth-quarter profits, the bank said.

The biggest improvement was seen in net interest revenues, which climbed 45 per cent in the quarter to $419m as Morgan took advantage of lower short-term US dollar interest rates and the sharp steepening of the US dollar yield curve.

On the trading front, increased activity in US and foreign debt and equity markets, and in swaps and commodities, lifted earnings from trading to $245m.

Although this was down from an exceptionally strong third quarter, it was still well above fourth-quarter 1990 earnings and took overall trading profits for the year to $1.3bn, up 41 per cent from the previous 12 months.

In other business areas, investment management contributed $90m and fees from operational services another $87m. Although corporate finance earnings fell 23 per cent to $74m, Morgan reported a big rise in revenues from US corporate bond underwritings. Morgan has taken full advantage of the recent deregulation of US banking laws that has allowed banks to play a bigger role in the corporate debt underwriting business.

Operating expenses rose 14 per cent in the quarter to $629m, a reflection of both higher incentive-based compensation payouts and increased investment in new technology.

Non-performing loans fell slightly to $642m because of previous charge-offs of Latin American and other country loans, while the bank put aside only $10m for credit losses in the quarter.

Although yesterday's figures were above market estimates, Morgan's shares fell $2⅞ to $67⅛ on the New York Stock Exchange at midday as investors took profits in the wake of the stock's recent record high of $70⅛.

Buoyant AMD sees leap in sales

By Louise Kehoe in San Francisco

ADVANCED Micro Devices, the Silicon Valley semi-conductor manufacturer, reported a surge in fourth-quarter sales and a "virtual stampede of customers" ordering its version of the 386 micro-processor, the chip used to power many of the most popular personal computer models.

"In an otherwise lacklustre semiconductor market, all of AMD's growth came from micro-processors," said Mr W.J. Sanders, chairman and chief executive.

Last year, AMD mounted a challenge to rival Intel's dominance of the personal computer microprocessor market by launching its own versions of Intel's widely-used 386 chips.

The companies are involved in a series of complex legal disputes over AMD's rights to produce the microprocessors.

Fourth-quarter revenues rose by nearly 38 per cent from the like period a year ago. AMD reported record revenues of $366.2m and net income of $106.7m before payment of preferred stock dividends.

After the preferred dividend, quarterly net income was $1.17 per common share. Operating results for the quarter included a charge of $7m in connection with previously-announced plans to close down one of the company's oldest production lines in the second quarter of 1992.

The results also included a net gain equivalent to 52 cents per common share from sales of assets, primarily the sale of 3.5m shares of Xilinx, another US chip maker.

In the fourth quarter of 1990, AMD reported revenues of $265.9m and a net loss of $43m, or 55 cents a share, after dividend payments.

The loss included a charge of $27.7m, for an adverse judgment in patent litigation with Brooktree. AMD is appealing the court decision.

For fiscal 1991 AMD reported revenues of $1.2bn, up 16 per cent from $1.1bn in 1990. Net income for the year was $145.3m, or $1.53 per common share after preferred dividends.

This compared with a net loss of $53.6m, or 78 cents a share, after dividends in 1990.

"In the final quarter of 1991, we more than doubled sales of Am386 products to over $145m," said Mr Sanders.

"AMD expects continued double-digit growth in the current quarter, driven by micro-processor sales. I expect the remainder of AMD's business will be essentially flat, reflecting the continued sluggishness in the economy," he concluded.

Citibank confirms Samba stake sale

By Patrick Harverson

CITIBANK confirmed yesterday it sold a quarter of its 40 per cent stake in Saudi American Bank (Samba) last month to two Saudi government-run pension institutions.

The US banking group would not divulge how much money was raised by the sale of the 10 per cent stake, but it said reports that $467m had changed hands bore little resemblance to the truth.

The full details of the transaction will be included in Citibank's fourth-quarter results and based on the current value of Samba shares, the 600,000 shares sold would have been worth about $336m.

Taking advantage of a sharp rise this year in Saudi share prices, the US bank decided to sell part of its stake in Samba to boost its capital ratios for the final quarter.

Troubled by huge doubtful real estate loans and massive operating losses, Citibank has instituted a restructuring programme aimed at cutting costs and bolstering its weak capital base.

The US bank said yesterday the sale would not undermine its long-term commitment to Samba, and it would continue to provide the bank with management expertise according to a longstanding agreement with its partners in the joint venture.

Citibank's links with the Saudi kingdom, which go back to 1980 when it took a 40 per cent stake in Samba as a joint venture with several Saudi institutions, were strengthened a year ago when a prominent member of the Saudi royal family, Prince Alwaleed Bin Talal bought $590m convertible shares in Citicorp, the bank's parent group.

Honda Motor further cuts earnings estimate

By Steven Butler in Tokyo

HONDA Motor, the Japanese car maker, yesterday further slashed its earnings estimate for the year to end-March in response to weakening sales at home and abroad.

Honda said its consolidated after-tax profits would be just Y63.1bn ($505.6m), compared with Y76.27bn last year and an earlier forecast of Y80.1bn for this year.

The company said the revised forecast was due to weakening vehicle markets, the long US recession and the slowdown of the Japanese economy. It was, however, not related to the recent strengthening of the yen.

The results would also be affected by a rise in the cost of sales due to intense competition.

Sales were projected at Y4,428.4bn, an increase of about 3 per cent.

Japanese vehicle sales and exports for the 1991 calendar year fell by 4.3 per cent to 1.34m and were expected to decline marginally this year.

The biggest area of decline was in Honda's exports from Japan, which fell by 7.4 per cent to 662,409 units. Domestic car sales have held up well, partly because of the recent successful launch of the the company's new Civic model.

Overseas production is expected to pick up from 653,000 units in 1991 to 672,000 this year, helped by the opening of assembly plants in Thailand and Swindon in the UK.

Parent company net profits are expected to fall by 32 per cent to Y35.3bn, with sales increasing from Y2,800bn to Y2,917bn.

Sears to sell stake in Seiyu for Y6.5bn

By Barbara Durr in Chicago

SEARS, Roebuck, the large US retailer, has agreed to sell its 2 per cent stake in Seiyu, the Japanese supermarket chain operator.

The sale, worth Y6.5bn ($52m), will raise some needed cash for the struggling retailer.

The Chicago-based company has been trying to restructure its core retailing operations for three years and is engaged in an energetic cost-cutting effort.

This week, it announced it would eliminate some 7,000 jobs in a revamp of its catalogue marketing service. The latest move was estimated to achieve cost savings of about $50m this year.

Sears purchased the small stake in Seiyu in 1976 when the two companies reached a mutual technology transfer agreement. The company said the sale of the Seiyu shares would provide "an opportunity to raise some dollars."

Sears suffered losses on its retailing operations during the third quarter last year, and in the crucial December holiday period it reported a 1.8 per cent drop in its same store sales compared with those of 1990.

Spain suspends sale of high-dose form of Halcion

UPJOHN, the US drugs company, yesterday said the Spanish government had suspended sales of the high-dose form of its Halcion sleeping pill, although the lower dosage tablets will remain on the market, writes Karen Zagor in New York.

The move by Spain's Ministry of Health follows a similar decision by France in late December.

In the UK, Halcion sales were suspended in October amid concern over possible side-effects.

Upjohn maintains that Halcion is safe.

The company plans to appeal against the Spanish and French decisions.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on January 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	107⅛	108¼	−⅛	5.96	BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.75
ALBERTA PROVINCE 9 5/8 95	600	110⅜	111	+⅛	6.11	COPENHAGEN TEL 8 5/8 96 LFr	600	98	98¾		9.24
AUSTRIA 8 1/2 00	400	108¼	108¾	+⅛	7.12	WORLD BANK 8 96 LFr	1000	96⅛	97⅛		9.11
BANK OF TOKYO 8 3/8 96	200	106⅛	106⅝	+⅜	6.62	ABN AMRO HOLDING 9 1/4 01 Fl	750	103½	103¾	+¼	8.67
BELGIUM 9 5/8 98	250	113⅜	113⅞	+⅛	6.98	UNILEVER 9 00 Fl	500	103¾	104¼		8.35
BFCE 7 3/4 97	150	105⅜	105⅝	+⅛	6.48	ALBERTA PROVINCE 10 5/8 96 C$	500	108¼	108½		8.16
BMP 8 5/8 94	300	107	107⅜	−⅛	5.60	BELL CANADA 10 5/8 99 C$	150	109	109½	−⅛	8.91
BRITISH GAS 8 3/8 99	350	107½	107⅞	+⅛	7.06	BRITISH COLUMBIA 10 96 C$	500	106⅛	106⅝		8.19
CANADA 9 96	1000	110⅛	110⅜	+⅛	6.04	EIB 10 1/8 98 C$	130	107⅞	108⅜	+⅛	8.45
[illegible]						[illegible]					

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 10.01.92: Pool purchase price £/MWh	Final Prices for Trading on 13.12.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.18	17.73	17.73
0100	19.04	17.80	17.80
0130	19.37	19.62	22.18
0200	19.37	19.62	22.17
0230	19.04	17.91	17.91
0300	17.19	18.86	21.40
0330	17.18	17.91	17.91
0400	17.15	17.59	17.59
0430	17.14	17.45	17.45
0500	17.14	17.48	17.48
0530	17.14	17.32	17.32
0600	17.13	17.32	17.32
0630	17.16	17.32	17.32
0700	17.16	19.77	22.34
0730	19.36	21.26	23.98
0800	19.66	24.18	27.29
0830	21.19	28.90	32.39
0900	21.20	32.92	36.74
0930	28.12	41.36	45.43
1000	28.12	40.93	44.89
1030	17.64	28.93	32.40
1100	17.64	25.66	28.81
1130	17.64	26.20	28.25
1200	21.20	24.81	27.76
1230	21.19	24.48	27.35
1300	21.19	22.69	25.40
1330	20.02	21.07	23.68
1400	17.51	21.05	23.64
1430	17.45	20.47	23.05
1500	17.30	20.47	23.05
1530	17.19	17.71	17.71
1600	17.19	19.70	19.70
1630	18.11	56.77	67.57
1700	28.78	94.38	111.57
1730	31.51	105.41	122.58
1800	31.13	82.46	96.90
1830	25.81	45.76	52.27
1900	21.21	28.86	32.54
1930	21.09	23.85	26.43
2000	20.08	23.14	25.78
2030	19.67	20.44	23.01
2100	19.45	19.79	22.36
2130	19.23	19.71	22.27
2200	17.19	19.71	22.27
2230	17.16	19.58	22.15
2300	17.12	17.11	17.11
2330	17.11	17.02	17.02
2400	17.06	17.02	17.02

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

INTERNATIONAL CAPITAL MARKETS

Strong investor appetite for World Bank issue

By Richard Waters

THE World Bank's latest global $1.5bn issue performed strongly yesterday in the wake of heavy demand from investors.

The 10-year issue, with a coupon of 6¾ per cent, was priced at a spread of 15 basis points over US Treasury bonds – at the low end of the expected range. However, by late yesterday the spread had narrowed to as little as 10 basis points.

This prompted claims that the issue, brought by Deutsche Bank Capital Markets and Merrill Lynch, had been priced too generously.

However, it was widely believed that a more significant factor had been efforts by traders who had gone short of the issue, in the expectation of the spread widening, to square their positions.

Around three-quarters of the issue is understood to have been placed in the Far East and Europe, with Far Eastern investors the largest buyers. US investors were said to be less attracted because of the narrow spread over Treasuries.

Elsewhere, the European Bank for Reconstruction and Development made its debut for the year with an offering in the Swedish krona sector, swapped into floating-rate dollars.

Priced at 30 basis points over comparable Swedish government bonds, the issue was considered tightly priced. However, the small size of the deal, reflecting the bank's modest current borrowing needs, meant that much of the issue had been pre-placed.

A keenly-priced $200m issue from Forte, the UK hotels group, also failed to set investors alight. The two-year bonds were brought by Goldman Sachs and J.P. Morgan at a spread of 71 over the US government benchmark at the reoffered price.

INTERNATIONAL BONDS

The short maturity enabled the borrower, rated A2 by Moody's and single-A by Standard & Poor's, the US rating agencies, to offer a coupon of just 5⅜ per cent.

The two lead-banks, which between them took around 80 per cent of the bonds, are thought to have sold around half of their share yesterday. The bonds were held at the fixed re-offer price throughout the day.

Meanwhile, Swiss Bank Corporation International was having a far easier time with a five-year, $200m deal for Nestlé Holdings.

The issue, carrying a coupon of 6⅛ per cent and a powerful name for retail investors, was sold out before the syndicate had been formed.

The spread of 24 basis points had tightened to 20 basis points in later trading. The food group's US entity also brought a SFr300m, 10-year issue yesterday carrying a coupon of 6¾ per cent.

● Ontario Hydro, the Canadian utility, is expected to launch a global bond offering next week to raise around C$1bn. The company said yesterday it was planning an offer "in the near future, subject to appropriate market conditions." The names of the five lead-managers chosen for the transaction were not named publicly, though they are understood to be Goldman Sachs, Industrial Bank of Japan, Scotia McLeod, Merrill Lynch and RBC Dominion Securities.

The issue, likely to be at the 10-year maturity, will be the company's fifth Canadian dollar global issue. Ontario Hydro said its total borrowing requirements were likely to be between C$4bn and C$5bn over the next four years.

● Imperial Chemical Industries, the UK chemicals group, said it was about to launch a $200m 10-year bond issue in the US domestic market. The bonds, issued by ICI Wilmington and guaranteed by ICI, will carry a coupon of 7.5 per cent, and are priced at 99.75 per cent. The issue is co-managed by Goldman Sachs and Merrill Lynch, with J.P. Morgan and Morgan Stanley also acting as underwriters.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
World Bank(f)†	1.5bn	6¾	99.071	2002	32.5/30bp	DBCM/Merrill Lynch
Forte(a)†	200	5⅜	100.805	1994	1⅛/⅞	Goldman Sachs
Nestle Hldgs.Inc.(a)†	200	6⅛	101.025	1997	1⅞/1¼	SBC
FRENCH FRANCS						
Compagnie Bancaire(b)†	1bn	9⅛	99.68	1996	(b)	Paribas Capital Mkts.
Credit Local de France(c)†	550	zero	100	2000	-	CDC
D-MARKS						
European Investment Bk(d)†	500	8	101⅞	2002	1¾/1⅛	Commerzbank
Gen.Elec.Capital Corp(a)†	250	8¼	102.30	1997	2/1¼	JP Morgan GmbH
SWISS FRANCS						
Nestle Hldgs.Inc.(e)†	300	6¾	102	2002	-	Credit Suisse
R.Prov.Alpes Cote D'Azur(a)★★†	75	7	102¼	1999	-	Credit Suisse
LIRE						
Gen.Elec.Capital Corp(a)†	175bn	11½	101.175	1995	1⅜/⅞	Paribas Capital Mkts.
SWEDISH KRONOR						
Euro.Bk for Recons.& Devt(a)†	300	10¼	101.60	1997	1⅝/1⅛	Svenska Handelsbanken
GUILDERS						
Aegon NV(a)†	500	8¾	101.10	1997	1/⅝	ABN Amro
Nationale Invest'bk(a)†	150	8¾	100.90	1997	1/⅝	Rabobank Nederland

★★Private placement. §Convertible. ¶With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Underwriting fee - 0.275%. Non-callable. c) Amount increased from FFr500m. Redemption linked to CAC-40 Blue Chip equity index. d) Callable at par after 8 years. e) Minimum share maintenance clause from Nestle SA. Non-callable. f) Global issue. Non-callable.

Liffe presses for early decision on options

By Tracy Corrigan

THE London International Financial Futures Exchange has asked firms to confirm by today which equity options they plan to make markets in.

A final decision is urgently required to complete technical preparations for the London Traded Options Market's (LTOM) move to join Liffe at Cannon Bridge at the end of the month.

The merger of the two exchanges, originally due this month, was postponed until March because not enough firms came forward to make markets in the 67 equity options currently traded on LTOM. This was despite a reasonably good take-up of last year's offer of "D" shares, which entitle holders to trade stock options on the new exchange. It was also delayed by technical problems.

Liffe has been pressing firms to make a commitment to market-making in stock options, but continues to meet resistance from the large UK integrated houses. Firms such as Smith New Court and Barclays de Zoete Wedd, which wanted equity options trading to move to a screen-based system to revive the lacklustre market, have taken a large number of seats to trade stock options but have said they will act as principal traders rather than market-makers.

Liffe is hoping that other firms, such as Hills Independent Traders and O'Connor Securities (now owned by Swiss Bank Corporation), will commit themselves to market-making in a broad range of stocks. Hills plans to make a market in 27 stock options.

There have been a number of meetings among the firms keen to support the market, say market sources. These firms are trying to divide the responsibility for making markets to ensure the merger can go ahead, the sources say.

Earlier this week, a Liffe official said that "subject to confirmation from the market-makers, the Liffe board believes that there will be adequate market-making capacity to proceed with the provisional allocation of 'D' shares".

Bank sells off tap in rising market

By Sara Webb in London and Patrick Harverson in New York

UK GOVERNMENT bonds gained nearly a quarter of a point yesterday, allowing the Bank of England to sell the remainder of its £1bn tap issue in the rising market.

The £1bn tranche of 8½ per cent Treasury stock due 2007, which has been overhanging the market, was exhausted in afternoon trading.

GOVERNMENT BONDS

The Bank of England has supplied amounts of the partly-paid tranche on several occasions since it was announced on December 13.

Volumes in the futures market were relatively high, with over 25,000 gilt futures contracts traded on Liffe. The 10 per cent gilt due 1996 rose from 100$\frac{29}{32}$ to trade at 101¼ by late afternoon while the benchmark 11¾ per cent gilt due 2003/07 increased from 115$\frac{11}{32}$ to 115$\frac{19}{32}$ to yield 9.4 per cent.

■ THE European government bond markets gained up to half a point yesterday, encouraged by the US economic data and rumours of a moderate German wage settlement. Traders reported strong buying interest in the high-yielding European markets from Far Eastern, European and US investors, many of whom are reallocating their portfolios for the new year.

In Germany, trading was mainly futures-driven, with the Liffe bund futures contract bursting through the technical resistance level of 88.01. The contract, which started the day at 87.67, climbed as high as 88.22 before closing at 88.19. The market has tested this resistance level earlier in the week.

The bund market was lifted by rumours that German steel workers had agreed to a moderate pay increase of 5 per cent, and by favourable US economic data and higher-than-expected German unemployment figures.

In France, the government bond market opened firm in response to the release of weak German employment data and was boosted later in the day by the rally in US Treasury bond prices.

On the Matif futures exchange in Paris, the March bond futures contract closed at 108.92, up 0.56 from late Wednesday. Volume was well above average at over 170,000 contracts.

■ US TREASURY prices were in mixed form yesterday morning, with the short end easing slightly but the long end firming on good inflation news and weak labour market data.

By midday, the benchmark 30-year government bond was up $\frac{1}{32}$ at 107$\frac{1}{16}$, yielding 7.374 per cent. The two-year note, however, was down $\frac{1}{32}$ at 100$\frac{29}{32}$, yielding 4.630 per cent.

Bond prices firmed after the Labor Department reported a 0.2 per cent decline in the producer price index for December, although, with most of the downward pressure on prices coming from the food and energy components, the core rate actually rose 0.2 per cent last month.

The overall inflation picture, however, looks positive for the long end, which is traditionally most sensitive to the threat of inflation. News of a 22,000 jump in weekly unemployment insurance claims bolstered sentiment further, and suggested that today's important employment report for December will be positive for the Treasury market.

■ JAPANESE government bond prices slipped on opening due to the weaker yen, but rebounded later to close slightly higher on the day.

The yield on the benchmark No 129 opened at 5.32 per cent and moved in the range of 5.275 to 5.325 per cent before closing in Tokyo at 5.29 per cent.

At the Finance Ministry's auction of 5.5 per cent 10-year bonds, the average accepted bid was 100.77, yielding 5.381 per cent, while the lowest accepted price was 100.65, yielding 5.399 per cent.

Both the average bid and lowest accepted bid were regarded as surprisingly high by traders. Total bids were Y2,875bn, giving a bid-to-cover ratio, or ratio of total bids to the amount sold, of 6.08.

The Finance Ministry sold Y472.65bn – or about 60 per cent of the Y800bn new issue – at auction yesterday and will offer the remainder through the underwriters' syndicate. The 5.5 per cent coupon is 50 basis points lower than the coupon on the bonds issued in December.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	118.4367	+0.137	9.40	9.39	9.70
BELGIUM		9.000	06/01	101.8000	+0.300	8.69	8.83	9.12
CANADA *		8.500	04/02	104.3000	-0.150	7.88	8.06	8.49
DENMARK		9.000	11/00	102.6250	+0.400	8.52	8.68	8.67
FRANCE	BTAN	8.500	11/96	98.7259	+0.302	8.81	8.99	9.19
	OAT	8.500	01/01	108.5300	+0.600	8.43	8.58	8.81
GERMANY		8.25	09/01	101.8600	+0.470	7.94	8.04	8.28
ITALY		12.000	06/01	97.9700	+0.380	12.37	12.50	12.85
JAPAN	No 119	4.800	06/99	96.9461	+0.062	5.57	5.81	5.94
	No 129	6.400	03/00	108.3772	+0.241	5.28	5.34	5.62
NETHERLANDS		8.500	03/01	100.6500	+0.340	8.41	8.59	8.79
SPAIN		11.900	07/96	101.0900	+0.320	11.51	11.72	11.79
UK GILTS		10.000	11/96	101-04	+8/32	9.70	9.90	9.81
		10.000	02/01	103-01	+9/32	9.49	9.60	9.70
		9.000	10/08	98-00	+11/32	9.23	9.35	9.49
US TREASURY *		7.500	11/01	105-13	+2/32	6.74	6.77	7.19
		8.000	11/21	107-09	-5/32	7.39	7.47	7.78

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

Dual trading demand at CME

By Barbara Durr in Chicago

THE CHICAGO Mercantile Exchange is being asked by its membership to restore the controversial practice of dual trading.

Dual trading, which was restricted by the CME last May, is when brokers can trade for their own as well as for customers' accounts. It is widely considered by regulators and the US Congress to make fraud easier in the commodities markets. Legislation pending in Congress would curb dual trading in US futures markets.

The CME, the first exchange to curb the practice, is under pressure to reconsider its policy after several hundred floor brokers and traders signed letters in recent weeks demanding its return. The CME's board of governors was to hold a meeting on the issue late yesterday with the exchange's full membership.

Members were expected to express their desire to overturn the restrictions on dual trading.

These currently ban the practice for futures in which a daily average volume of 10,000 contracts has been achieved for six months. Consequently, two-thirds of all trades at the exchange, including its stock index, currency and Eurodollar futures, are covered by the ban.

CME brokers and traders complain that market liquidity has been negatively affected and that customers were suffering from poorer prices for their orders. Profits for the brokers and their customers were reportedly down.

A decision on the policy could come at the next CME board meeting on January 22. If the board does not act, it could face a petition for a referendum on the rule change from the floor.

NS Power sale expected to raise C$400m

THE CANADIAN province of Nova Scotia expects to raise C$400m by privatising Nova Scotia Power Corporation, the provincial power utility, writes Bernard Simon in Toronto.

The government said yesterday it planned to offer shares in NS Power by the end of June. No single shareholder would be allowed to own more than 10 per cent of the shares, and foreign investors as a group would be limited to a 25 per cent stake.

NS Power earned C$24m net income in the last fiscal year from revenues of C$636m.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thu Jan 9 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Jan 8 Index No.	Tue Jan 7 Index No.	Mon Jan 6 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (178)	749.16	+0.6	9.08	6.42	14.08	0.00	744.89	750.08	747.91	701.04
2	Building Materials (23)	886.12	+0.3	7.85	7.03	17.24	0.00	883.42	891.73	902.82	950.77
3	Contracting, Construction (29)	846.57	+0.5	9.49	8.76	15.18	0.00	842.66	847.67	854.82	1080.79
4	Electricals (7)	2392.60	+1.2	10.36	6.27	12.13	0.00	2364.83	2379.93	2358.05	1894.24
5	Electronics (26)	1679.12	+0.1	11.00	5.12	11.52	0.00	1677.80	1686.55	1681.85	1515.32
6	Engineering-Aerospace (8)	332.15	+2.4	16.26	7.82	7.49	0.00	324.42	322.13	322.36	391.35
7	Engineering-General (43)	465.52	+0.5	10.25	5.38	12.03	0.00	463.08	463.29	461.33	356.41
8	Metals and Metal Forming (10)	304.04	-0.7	2.30	11.43	–	0.00	306.26	306.88	306.94	397.49
9	Motors (13)	289.51	-0.3	8.90	8.24	14.92	0.00	290.26	294.65	294.71	282.40
10	Other Industrial Materials (19)	1539.35	+0.9	7.78	5.32	15.30	0.00	1525.31	1542.52	1519.67	1208.52
21	CONSUMER GROUP (188)	1622.20	+1.6	7.27	3.41	16.92	0.00	1597.44	1598.84	1602.11	1212.76
22	Brewers and Distillers (23)	2020.16	.....	8.24	3.51	14.71	0.00	2019.56	2036.66	2029.13	1586.97
25	Food Manufacturing (18)	1239.21	+1.4	8.87	4.10	13.86	0.00	1222.63	1229.93	1242.47	1033.13
26	Food Retailing (17)	2331.76	-0.9	9.93	3.56	13.08	0.00	2353.65	2364.57	2364.75	2267.53
27	Health and Household (24)	4626.49	+3.7	4.91	2.11	23.34	0.00	4459.46	4413.62	4395.92	2476.16
29	Hotels and Leisure (24)	1234.41	+0.6	8.42	5.49	14.72	0.00	1227.15	1230.61	1223.86	1170.67
30	Media (23)	1425.38	+1.6	6.82	3.77	18.37	0.00	1402.70	1419.98	1439.53	1205.74
31	Packaging, Paper & Printing (17)	748.18	+1.8	7.20	4.44	16.84	0.00	735.31	726.58	727.84	514.68
34	Stores (32)	957.89	+1.3	7.67	3.88	17.28	0.00	945.89	948.70	962.27	789.17
35	Textiles (10)	590.45	+0.5	7.83	5.26	16.30	0.00	587.29	590.43	595.23	407.67
40	OTHER GROUPS (115)	1190.11	+0.8	10.19	5.59	12.38	0.00	1180.30	1192.38	1196.67	989.51
41	Business Services (16)	1394.37	+0.9	7.20	4.70	17.66	0.00	1381.67	1387.71	1379.61	995.32
42	Chemicals (21)	1402.38	+0.7	7.21	5.23	17.14	0.00	1392.91	1403.36	1413.43	1031.10
43	Conglomerates (11)	1289.48	+0.8	11.68	8.04	10.39	0.00	1279.51	1304.23	1301.11	1235.49
44	Transport (14)	2350.92	+0.8	5.46	4.81	24.12	0.00	2332.83	2361.11	2364.30	1851.86
45	Electricity (16)	1177.16	+0.9	15.41	6.32	8.45	0.00	1166.28	1177.75	1190.77	998.69
46	Telephone Networks (4)	1390.43	+0.5	11.29	4.51	11.57	0.00	1383.17	1398.85	1407.65	1129.18
47	Water (10)	2212.37	+1.4	19.30	7.19	5.71	0.00	2180.98	2184.27	2181.17	2197.71
48	Miscellaneous (23)	1799.40	+1.3	5.53	5.43	24.89	0.00	1776.56	1791.18	1792.19	1554.66
49	INDUSTRIAL GROUP (481)	1263.87	+1.2	8.49	4.60	14.73	0.00	1249.40	1255.43	1257.53	1018.68
51	Oil & Gas (19)	2133.83	+1.5	11.99	6.57	11.03	0.00	2101.56	2115.76	2142.66	2226.39
59	500 SHARE INDEX (500)	1342.07	+1.2	8.88	4.82	14.20	0.00	1326.15	1332.84	1336.71	1118.38
61	FINANCIAL GROUP (87)	707.91	+0.4	–	6.58	–	0.00	704.85	712.96	721.73	695.57
62	Banks (9)	837.60	+1.0	4.71	6.34	42.00	0.00	828.96	832.40	847.34	738.09
65	Insurance (Life) (6)	1429.85	-1.1	–	5.97	–	0.00	1445.80	1476.04	1480.76	1260.68
66	Insurance (Composite) (7)	509.27	-0.2	–	8.56	–	0.00	510.40	524.92	533.45	600.16
67	Insurance (Brokers) (10)	961.62	+0.8	8.37	6.95	15.73	0.00	953.74	967.39	967.39	982.44
68	Merchant Banks (7)	454.76	+1.0	–	4.71	–	0.00	450.41	451.12	453.41	343.94
69	Property (34)	771.84	+0.5	7.11	5.98	20.03	0.00	767.69	776.60	783.84	943.31
70	Other Financial (14)	232.98	-0.1	11.45	7.67	11.02	0.00	233.33	234.38	234.75	245.69
71	Investment Trusts (68)	1164.64	+1.3	–	3.73	–	0.00	1149.58	1165.67	1174.86	971.97
99	ALL-SHARE INDEX (655)	1191.18	+1.1	–	5.00	–	0.00	1178.08	1185.20	1190.12	1013.81

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 8	Jan 7	Jan 6	Jan 3	Jan 2	Year ago
FT-SE 100 SHARE INDEX♦	2497.9	+30.8	2500.0	2467.0	2467.1	2482.9	2493.2	2504.1	2492.8	2108.7

FIXED INTEREST

	PRICE INDICES	Thu Jan 9	Day's change %	Wed Jan 8	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	121.96	+0.13	121.80	2.11	0.00
2	5-15 years (27)	137.00	+0.25	136.67	2.76	0.00
3	Over 15 years (9)	146.20	+0.24	145.85	1.82	0.00
4	Irredeemables (6)	160.28	+0.14	160.06	1.60	0.00
5	All stocks (68)	134.56	+0.21	134.28	2.47	0.00
	Index-Linked					
6	Up to 5 years (2)	168.11	+0.03	168.06	1.01	0.00
7	Over 5 years (9)	149.14	+0.14	148.93	0.85	0.00
8	All stocks (11)	150.63	+0.13	150.43	0.86	0.00
9	Debs & Loans (62)	116.30	+0.10	116.18	2.46	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 9	Wed Jan 8	Year ago (approx.)
	British Government				
1	Low	5 years	8.77	8.85	9.92
2	Coupons	15 years	9.27	9.29	9.98
3	(0%-7¾%)	20 years	9.27	9.29	10.03
4	Medium	5 years	9.65	9.70	10.82
5	Coupons	15 years	9.33	9.35	10.38
6	(8%-10¾%)	20 years	9.29	9.31	10.21
7	High	5 years	9.86	9.91	10.94
8	Coupons	15 years	9.40	9.42	10.57
9	(11%-)	20 years	9.33	9.35	10.36
10	Irredeemables	†	9.52	9.53	10.21
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.98	3.99	3.92
12	Inflation rate 5%	Over 5 yrs.	4.31	4.32	4.17
13	Inflation rate 10%	Up to 5 yrs.	3.36	3.36	2.64
14	Inflation rate 10%	Over 5 yrs.	4.14	4.15	4.00
15	Debs &	5 years	11.06	11.07	12.62
16	Loans	15 years	10.89	10.90	12.37
17		25 years	10.72	10.73	12.14

♦Opening index 2467.0; 9 am 2474.8; 10 am 2475.9; 11 am 2481.1; Noon 2482.3; 1 pm 2480.2; 2 pm 2482.7; 2.30 pm 2484.8; 3 pm 2486.5; 4.10 pm 2498.4; (a) 3.29pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	68	0	14
Other Fixed Interest	7	3	9
Commercial, Industrial	366	192	933
Financial & Property	179	73	535
Oil & Gas	23	20	48
Plantations	3	0	7
Mines	57	15	80
Others	74	25	50
Totals	777	328	1,676

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	–	5pm	5pm	Anglo Irish Bank	5pm	
1	Nil	–	¼pm	⅛pm	Chemor 5p	⅛pm	
34	Nil	–	4pm	½pm	Cliff Resources	½pm	
235	Nil	–	26pm	12pm	Harlstone	12pm	-2
415p	Nil	–	116pm	100pm	Northern Foods	107pm	+2
77½	Nil	–	1½pm	¼pm	River & Merc. Cap.	¼pm	
105½	Nil	–	1¼pm	¼pm	Do. Inc.	¼pm	
113½	Nil	–	4½pm	3pm	Do. Stpd. Pf	4pm	
17½	Nil	–	1½pm	¼pm	Do. Warrants	¼pm	
125	Nil	–	¼pm	⅛pm	Tottenham Hotspur	⅛pm	-⅛
148	Nil	–	20pm	15½pm	Unichem 10p	20pm	+3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. & Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

● First Dealings Jan. 6
● Last Dealings Jan. 17
● Last Declarations Apr. 2
● For settlement Apr. 13

3-month call rate indications are shown on this page.

Calls in: Aviva, Baldwin, Berisford, Conroy, Cowie (T.), Firth (G.M.), Haemocell, Kunick, Lee (A.), Lep, M.L. Labs., Mountleigh, Premier, Proteus, Smith & Nephew and Wharfdale. **Puts & Calls:** Dolphin Packaging, Mountleigh.

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*632)	600	38½	59½	69½	2¼	12	21½
	650	5½	32½	40½	20½	32½	42½
Trafalgar (*134)	130	9	18½	21	3	10½	15½
	140	4	13½	16½	7½	15½	21
Utd. Biscuits (*410)	390	22	33	38½	1½	10½	14½
	420	4	15½	23	12	24	26
Unilever (*897)	850	50½	71½	87½	2	15	18
	900	12	40½	56½	15	34½	40½
Ultramar (*269)	260	12	19	26	4½	17½	–
	280	3	11	–	15½	28½	–

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAT Inds (*635)	600	43½	51½	59½	5¼	18½	25½
	650	10½	27½	34½	25½	36½	46½
Dixons (*211)	200	17½	25½	30	7	11½	14½
	220	7½	15½	19½	17	20	24
Eurotunnel (*445)	420	42	63	70	13½	25½	27½
	460	23	43½	–	35	45	–
Glaxo (*923)	850	98½	131	155	17	28½	37½
	900	64½	100	125	34½	46½	56½
Hawker Sidd. (*750)	750	13	27½	–	26½	30½	–
	800	3	8½	–	–	–	–
Brit. Aero (*321)	300	28	32½	35½	5	18	21½
	330	10½	15½	22½	18	34½	37½
Hillsdown (*162)	160	12	17½	20½	8½	14	16
	177	6	–	–	18	–	–
BAA (*555)	500	61½	77½	82½	1½	7	10½
	550	24	43	49½	12½	19½	27
Lonrho (*177)	160	20½	27	31	10½	14½	18½
	180	11	17½	21½	21	26	29

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Midland Bk (*212)	200	22	30	34½	7½	9½	14½
	220	13½	20½	24	17	19½	23

January 9 Total Contracts 32,826
Calls 21,119 Puts 11,707
FT-SE Index Calls 1,808 Puts 2,711
Euro FT-SE Calls 166 Puts 55
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

	p		p		p		p		p
■ INDUSTRIALS		Charter Cons.	42	Ladbroke	19	Sears	8½	■ OILS	
Allied-Lyons	50	Comm Union	34	Legal & Gen	30	SmKl Bchm A	70	Aviva Pet	[illegible]
Amstrad	4	Courtaulds	40	Lex Service	16	TI	41	BP	[illegible]
Astec (BSR)	5	Eurotunnel	40	Lloyds Bank	24	TSB	8	Burmah Castrol	[illegible]
BAT Inds	48	FKI	6	Lonrho	18	Tesco	15½	Conroy Pet	[illegible]
BOC	45	FNFC	8	Lucas Inds	11	Thorn EMI	59½	Gaelic Res	[illegible]
BTR	33	Forte	20	Marks Spencer	22	T & N	10½	Premier Cons	[illegible]
Barclays	24	GKN	24	Midland Bank	17	Unilever	78	Shell	[illegible]
Blue Circle	18	Gen Accident	37	NatWest Bank	21	Vickers	13½	Tuskar Res	[illegible]
Boots	33	GEC	15	P & O Dfd	38	Wellcome	80	■ MINES	
Bowater	54	Glaxo	64	Racal Elect	4½	■ PROPERTY		RTZ	[illegible]
Brit Aerospace	16	Grand Met	70	RHM	20	Brit Land	20½		
British Steel	5	GRE	11	Rank Org	47	Land Sec.	38		
Brit Telecom	25	Hanson	15	Ratners	6	MEPC	33		
Cadburys	34	ICI	86	Reed Intl	42	Mountleigh	3		

Missing Maxwell funds include Scitex proceeds

By Robert Peston and Raymond Snoddy

INVESTIGATORS have discovered that £107m of the funds missing from the Maxwell pension funds are the proceeds which should have been remitted from the sale of a 15 per cent holding in Scitex, the Israeli manufacturer of electronic typesetting equipment.

The shares were sold in October. However, the proceeds were taken by Robert Maxwell Group, one of the big Maxwell private companies, according to confidential documents prepared by Coopers & Lybrand Deloitte, the accountancy firm which carried out the first investigation of the collapse of the Maxwell empire.

The disclosure that the pension funds had owned the Scitex shares is a surprise.

Mr Maxwell always implied that he had made the investment with his own money and was feted in Israel for having made substantial investments.

In October, he announced the sale of the shares on notepaper headed "Robert Maxwell Group". In the press release, he said that the shares had been bought originally by Robert Maxwell Group in 1989 and the clear implication was that Robert Maxwell Group was also the seller.

The press release refers to the disposal of a 19 per cent stake in Scitex. Arthur Andersen, the accountants acting as administrators to the Maxwell private companies, said yesterday that between 70 per cent and 80 per cent of those had been owned by the common investment fund of the Maxwell pension funds and not by Robert Maxwell Group.

Mr Maxwell had secretly sold the shares to the pension funds in June 1990. But pensioners never learned of the deal, because the most recent annual reports they received covered the funds' activities in the year to April 5 1990.

The disclosure that Mr Maxwell was using pensioners' assets to make his Israeli investments – and not his own money – may affect Mr Maxwell's reputation in Israel, where he was buried in a ceremony worthy of a national hero.

Mr Maxwell also used pension fund money to acquire a stake in Teva, an Israeli pharmaceutical company. These Teva shares, worth £44m, were also transferred out of the pension funds.

Coopers' report says the shares were pledged as security against the Maxwell private company's loans from National Westminster, the UK clearing bank, Lehman Brothers, the US investment bank, and Credit Suisse, the Swiss Bank. The pension funds are trying to reclaim the Teva shares and may resort to legal action.

MCC pension confusion persists

THE MAXWELL Communication Corporation pension fund is in such a mess that no sensible estimates are yet available on its financial status. It is not even clear precisely who is covered by the fund although the total is believed to be about 4,600 people, writes Raymond Snoddy.

The confusion has been increased by the number of bulk transfers of pensioners from one fund to another as the late Mr Robert Maxwell bought and sold companies within MCC and reorganised its structure.

The Law Debenture Trust Corporation, the investment trust company called in to MCC on December 10 to sort out the debris, is now trying to find out what should have been in the pension fund. Auditors are due to report by the end of next month. Work is also being carried out on what the future liabilities of the fund are expected to be and the activities of Bishopsgate Investment Management, the company in the Maxwell private empire which managed most of the fund's assets.

It may be several months before a clear picture emerges of the present state of the fund.

All the Law Debenture Trust could say yesterday was: "We are determined to see the scheme is put back into funds."

Ordinary MCC pensioners will continue to receive their pensions but a range of restrictions have been imposed on the scheme for the time being.

No new applicants are being accepted into the fund and there is a moratorium on bulk transfers in or out of the scheme.

Members retiring now are unable to take part of their pension as a tax-free lump sum because this would amount to a preferential call on what could turn out to be limited resources.

MCC was Mr Maxwell's main quoted vehicle with debts almost certainly greatly exceeding assets.

Bowater makes $50m US disposal

By John Thornhill

Bowater, the packaging, printing and industrial films group, is to sell Interchecks, its US cheque printing business, for $50m (£27.4m) cash, which will be used to reduce borrowings.

Interchecks, based in Seattle with a presence mainly on the west coast of the US, is being bought by John H Harland.

In 1991 Interchecks made operating profits of $1.9m on sales of about $72m. Its net asset value at the end of 1991 was about $34m.

Clarke Foods £7m rights

By Peggy Hollinger

CLARKE FOODS, the investment company turned ice cream manufacturer headed by US businessman Mr Henry Clarke, will today announce a rights issue to raise some £7m to help pay for the acquisition of Lyons Maid from Allied-Lyons, the food and brewing group.

The purchase of Lyons Maid – believed to be for some £12m – will propel Clarke into Britain's number two ice cream manufacturing slot, after Unilever. Clarke will also pay for Lyons with cash and a £3m term loan.

The cash call is expected to be pitched at a price modestly above the share's suspension price of 54p. The group said that trading in its USM-quoted shares – which have been suspended pending completion of the Lyons deal – would be resumed today.

Clarke also announced pre-tax profits for the year to October 31 25 per cent ahead to £1.13m on sales of £11.2m. Earnings rose from 4.7p to 5.7p and the final dividend is 1.5p (1.25p), for a total of 2.25p (2p).

S&P downgrades Ratners

Standard & Poor's, the US credit agency, yesterday fulfilled its threat by downgrading Ratners Group's $250m (£137m) Auction Market Preferred Stock (Amps) as the stock market anxiously waited the jewellery company's trading statement due out today at 2pm, writes John Thornhill.

The agency has cut the rating on Ratners' Amps from BBB to B and is keeping the shares on its Creditwatch list, meaning the rating may either be lowered or raised depending on future developments. S&P is soon to meet the company to review its financial health.

S&P said: "The rating reflects the near-term uncertainties relating to the group's ability to meet the next payments of dividends on the variable-term preferred shares, which are due on January 15 1992."

Isosceles at £17m and outlines strategy

By Michiyo Nakamoto

ISOSCELES, the highly-geared management buy-out vehicle for the Gateway food stores, outlined a three-pronged retailing strategy aimed at moving the group towards reflotation, as it lifted pre-tax profits for the half year ended November 9 to £17m against £700,000.

At his first results announcement, Mr Alistair Mitchell-Innes, who took over as chief executive last September after the sudden resignation of Mr David Smith, the man who engineered the unfortunate £2.1bn buy-out in 1989, said the objective remained "to get to the stock market as fast as possible."

Reflotation could happen between one and three years from now, depending on market and trading conditions, said Mr Ernest Sharp, chairman.

The group's retailing strategy is to target all sectors of the market through its high street locations. To this end it will accelerate the programme for increasing the up-market Somerfield stores while continuing to develop middle market Gateway stores and gradually increasing the number of outlets of Food Giant.

No new Gateway outlets are to be opened and it expects to have between 50 and 60 Somerfield stores by April of next year. The Food Giant stores were profitable, while Somerfield had put in a better performance than Gateway.

The success of the strategy will be crucial to the longer-term viability of the group, still burdened with borrowings of £1.3bn. Interest payments totalled £85.3m (£99m) and were covered less than 1.5 times by operating profits of £102.3m (£99.7m).

The group is confident that it will be able to meet a capital repayment of about £100m due in April next year even without a sale of Herman's, its loss-making sporting goods retailer in the US. Mr Sharp expressed optimism for the sale as he expected substantial efforts would made to boost the American economy in an election year.

Although pre-tax profits were up on the £3.6m made in the year to April 27, turnover for the six months was down to £1.6bn (£1.67bn). After the below-the-line £13.1m loss mainly from Herman's, there was attributable profit of £3.9m (£12.3m loss).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Clarke Foods ......fin	1.5	Mar 9	1.25	2.25	2
Dewhurst ......fin	1.2	Apr 1	1.1	1.8	1.7
Druck ......int	3.4	Feb 17	2.8	-	6.6
Jones Stroud ......int	3	Apr 8	3	-	8
Securicor ......fin	1.72	Apr 3	1.507	2.336	2.123
Security Servs ......fin	3.197	Apr 3	2.789	4.488	4.08
Symonds Eng ......int	0.3	Feb 28	0.3	-	1
Torex Hire § ......fin	0.4☆	Apr 9	0.8	0.4	1.6
Treatt § ......fin	2.4	Apr 16	2.25	3.4	3.25

Dividends shown pence per share net except where otherwise stated. §USM stock. ☆Scrip option.

Recovery in second half at Cellnet helps limit decline at Securicor to 36%

A SHARP recovery in second half profits at Cellnet, the cellular radio network, helped limit the decline in profits at Securicor Group, the security, parcels and communication company, writes Richard Gourlay

Pre-tax profits in the year to September 30 fell 36 per cent to £33m (£51.9m). Cellnet, in which Securicor and its sister company Security Services have a 40 per cent stake, contributed operating profits of £31.9m (£38m). Group sales rose 6 per cent to £565.1m (£531.8m).

The profit was struck after a £2m redundancy charge, most of which arose in the second half when the effect of the recession had been hardest felt.

Earnings per share fell from 22.5p to 16.7p and the proposed final dividend is raised to 1.72p, making a total for the year of 2.336p (2.123p).

Mr Roger Wiggs, chief executive, said the result reflected a sharp increase in profitability at Cellnet. Towards the end of Securicor's year Cellnet had started to erode what he called the "traditional 15 per cent greater margin" which Vodafone, the market leader, enjoyed on its core sales, ending the year with a 45 per cent share of the market.

This was partly the result of a rapid increase in the number of users using Cellnet's call back message facility who on average use the service 30 per cent more than ordinary subscribers.

The level of user disconnections had increased for both Vodafone and Cellnet with Cellnet suffering a marginally higher rate in the year to December. They both finished the year with an average disconnection rate of a little less than 25 per cent, Mr Wiggs said.

During the year Securicor made its first interest payment, of £2.46m, since the 1988 rights issue. Gearing at the year end was 5 per cent.

There was an extraordinary charge of £3.58m to cover losses on closure of the group's motor dealerships in 1991 and the current year.

Operating profits in the security division, the traditional business, fell from £8.3m to £6.95m reflecting reduced demand by large customers.

The packages delivery business suffered a 75 per cent slump in profits to £2.37m. Mr Wiggs said large numbers of customers had switched from premium to economy services which commanded much reduced margins.

Security Services, Securicor's 50.75 per cent subsidiary, made pre-tax profits of £20.4m (£36.1m) on sales up 9 per cent at £511.23m.

Earnings per share fell to 12p (19.7p) and the proposed final dividend is 3.197p giving a total 10 per cent up for the year at 4.488p.

Agent orange and the cash bandits

Richard Gourlay on the security companies' continuing battle

WHEN ONE of Securicor's engineers had his van stolen from a public car park recently it was about as embarrassing as a weather forecaster being soaked in a rain storm.

But after contacting his office, the engineer was able to call the police not only to report the theft but also the location of the stolen van, thanks to Securicor's Datatrak radio tracking system which is fitted to most of its vehicles.

The device is one of the latest weapons in an armoury which cash carriers like Securicor employ to foil the gangs bent on diverting some of the £190bn moved around the country each year.

Despite the recession and the growth of credit card use, there is more cash in circulation than ever before. Although the golden age of pay-roll heists has passed the movement of this amount of cash remains a magnet to increasingly professional gangs.

Last year the number of attacks fell as did the amount successfully stolen, according to the British Security Industry Association. Provisional figures suggest there were 7 per cent fewer attacks and about 45 per cent less cash lost compared with 1990. However that year was the worst year on record, the Association says.

Securicor was, however, the unlucky one last year. It suffered a 33 per cent increase in attacks, according to Mr Roger Wiggs, its chief executive. Carrying about £100bn of cash a year in 1,500 armoured trucks, Securicor is by far the largest carrier with a 56 per cent share of the cash-in-transit market which has total sales of about £240m.

Over the past two decades the number of attacks on all carriers has grown sharply. Securicor faced only one-a-month in the mid 1970s but by 1987 attacks hit an annual peak of 376. And last year a Securicor van was attacked on average once every working day.

But Securicor is foiling far more villains. The one third increase in attacks last year has been matched by a rise in the failure rate to about 50 per cent.

Trevor Humphries

Training with the exploding cash box, one of the many devices in Securicor's armoury

Not surprisingly Mr Wiggs sounds like a general marshalling his "troops" in an endless quest to second guess what techniques the "bandits" will make use of in their next strike.

Mr Wellwood Grierson, sales director of Security Express, which with its associate, Armaguard, is the second largest cash carrier having about 23 per cent of the market, is not complacent following the apparent targetting of Securicor.

He is aware that the gangs tend to rotate their targets and that his company could be worse hit next year. As it is 45 of the 60 attempted robberies on his vans were successful last year.

The gangs appear to pick what they see as that month's softest target. Four years ago, for example, there was a perception that Group 4, the third largest carrier, was the softest touch. It tightened its procedures and the gangs' attention appears to have swung away from Group 4 following a heavy investment programme, industry sources say.

Group 4,a subsidiary of Australia's Mayne Nickless, refuses to give information about how much it carries and how much it loses.

As the market has matured, the carriers have sought to diversify. Securicor has moved into the delivery of credit cards in high risk areas like London, Manchester and Glasgow, and fills the automated teller machines for many of the building societies.

As banks increasingly try to reduce their handling of cash to turn their own premises into shops for financial services, cash storage centres increasingly hold, sort and distribute cash on their behalf.

Securicor is understandably coy about just how much is stored in these super-high security vaults. There is, on average, one attempt a year on the vaults, all of which have failed.

In addition Securicor is trying to tempt the small corner shop trader to use the services of smaller armoured vans for the movement of relatively modest sums of cash to and from banks.

As the bandits have become more sophisticated, so the security companies have developed increasingly more fiendish tactics in an attempt to foil them.

Securicor's Datatrak is one technique, using terrestrial radio technology developed with Wimpey, the construction group, from offshore navigation technology. Once a Securicor van veers from its appointed route, the control centre is immediately alerted.

In a recent raid on a van in Harlesden, north London, the police had been alerted and were on the scene within eight minutes. Group 4 and Security Express/ Armaguard use similar techniques.

Another invention restricting the scope for the professional gangs is the "exploding" cash box which is designed to prevent attacks at the point of greatest vulnerability as cash is carried across the pavement.

Here the carriers have redefined catching a thief red-handed. Should the cash box be taken more than a certain distance from the armoured van, it will emit a cloud of orange powder which covers everything, including the robber, within its immediate vicinity.

Just for good measure, the heat from the "explosion" reduces the notes to an ugly unusable mess.

The bottom line for the cash carriers is to cut the loss rate, to cut insurance premiums and the amount of each loss they have to swallow. As prevention across the pavement and in the banks themselves improves the gangs are increasingly turning to kidnapping and extortion from families of security guards.

None of the major companies believe keeping pace with the criminals while improving margins in a highly competitive and mature market is going to be anything but a continuing battle.

NEWS DIGEST

Jones Stroud sees better second half

JONES STROUD (Holdings) reported an 8 per cent fall in interim pre-tax profits. However, this maker of accessories and materials for the textile and electrical industries said there had been some improvement in trading and expected full year profits to be ahead of last year's £4.49m.

In the six months to September 30 profits were £2.49m (£2.7m) on turnover of £31.9m (£30.1m). Most of the fall was the result of a turnround from interest received of £52,000 to a charge of £104,000.

Earnings per share came out at 9.19p (9.58p) and the interim dividend is maintained at 3p.

Symonds achieves measure of recovery

Symonds Engineering, the general and precision engineer, achieved a measure of recovery with pre-tax profits rising 49 per cent to £124,000 in the six months to end-September.

Improved margins were reflected in the advance; turnover was down from £2.92m to £2.67m but trading profits rose from £100,000 to £161,000. Interest charges virtually doubled to £38,000 to check the advance at pre-tax level.

Earnings per share amounted to 0.892p (0.656p). The interim dividend is maintained at 0.3p. Pre-tax profits in the half-year to September 30 1989 were £223,000.

Ossory sells retail park for £10.5m

Ossory Estates has sold the South Wirral Retail Park in Bromborough, Cheshire, to Boots for £10.5m at a net yield of 9.5 per cent.

Gross rental income from the fully let park – from tenants such as Halfords, Dixons, Do-it-all and Texas Homecare which have 25-year leases from 1990 – exceeds £1m per year.

Dewhurst improves in second half

The rate of profit decline at Dewhurst was arrested in the second half as profitability showed improvement in difficult trading conditions.

The group, which makes electrical control equipment, saw pre-tax profits fall 37 per cent, from £1.02m to £643,000, in the year to September 29 1991, after being nearly 64 per cent adrift at the halfway stage.

Sales slipped from £7.85m to £7.81m. With no signs of significant revival in the UK economy the difficult conditions were likely to persist this year, directors said.

Earnings per share worked through at 4.03p (5.99p). The proposed final dividend is 1.3p for a total of 1.8p (1.7p).

TRPIT gets 60% of New England Props

TR Property Investment Trust has declared its offer for New England Properties unconditional.

TRPIT said that by 3pm on Wednesday it had received acceptances in respect of 60m New England shares, representing about 59.8 per cent of the issued share capital.

Of these acceptances, 55.3m shares, representing about 55.1 per cent, were in respect of the additional cash election and the balance of 2.57m (2.55 per cent) were for the basic terms of the offer.

Treatt shares rise on 14.5% improvement

A record year for its principle subsidiary helped Treatt, the USM-quoted supplier of essential oils and aromatic chemicals, show a 14.5 per cent increase in pre-tax profits from £1.03m to £1.18m for the year to end-September.

Shares in the Bury St Edmunds-based company increased 11p to close at 96p.

Mr Geoffrey Bovill, chairman, said that RC Treatt had profits of £1.4m with increased net margins of 12.9 per cent, against 10.5 per cent, helped by sales of its new Natural Speciality products.

There was a loss of £221,000 at Florida Treatt, the US offshoot, but there had been a significant improvement in the second half.

Turnover was £11.3m (£11m) and earnings per share came out at 8.53p (7.17p). The proposed final dividend is raised to 2.4p for a total of 3.4p (3.25p).

Interest swing boosts Abbey

Abbey, the Irish-based housebuilder and engineer, incurred an interim trading loss but improved pre-tax profit from I£67,000 to I£367,000 (£344,000).

In the six months to October 31 turnover fell from I£28.2m to I£20.1m, throwing the group into a trading loss of I£81,000, against a profit of I£1.6m. However, that was more than offset by a swing from interest charged of I£1.63m to received of I£448,000.

Earnings were 0.63p (0.1p). No dividend has been paid for the past two years.

Mansfield Brewery to buy Courage pubs

Mansfield Brewery has confirmed that it expects to complete the purchase of 86 pubs from Courage by early March, increasing its estate by more than a quarter.

The pubs are within Mansfield's established trading area in the east Midlands, Humberside, and South Yorkshire.

Mansfield, which owns 335 pubs, last year paid £12.6m for 29 houses which it had operated on lease from Courage.

Druck shows 13% advance to £2.4m

Druck Holdings, a maker of electronic pressure measuring devices, lifted pre-tax profits from £2.14m to £2.4m, in the six months to September 30.

The interim dividend is raised to 3.4p (2.8p) as first half profits were expected to provide a larger proportion of profit than previously. Earnings were 23.3p (20.7p).

Sales were up by £3.2m to £13.5m, the strong growth resulting from a large order book at April 1 and Maywood Instruments being consolidated for the first time, explained Mr John Salmon, chairman.

Improved severance for Cityvision board

Directors of Cityvision voted to improve their own severance terms about the time they were holding talks with US-based Blockbuster Entertainment Company about a recommended bid, according to Blockbuster's offer documents.

Blockbuster made an offer to acquire Cityvision on November 22 1991 in a shares and cash deal valued at £75m. Shareholders have been urged by the company's management to accept the offer.

An official at J Henry Schroder Wagg, adviser to Cityvision, said that the talks had actually broken down by the time the enhanced terms were approved.

However, Blockbuster's offer document says that representatives of the two companies met on several occasions in the late summer of 1991 "to discuss whether Cityvision would consider possible types of business combinations". The document notes that the talks were inconclusive and ceased on September 6.

The document also notes that on August 30 1991, three of the four directors' contracts were amended to increase the amount of severance they would receive from 2 times annual earnings to 2¼ times. The contracts were also amended to allow the directors to earn severance if they left voluntarily following the acquisition of a 20 per cent stake in Cityvision – up from the previous level of 10 per cent.

Mr Beverley Ripley, Cityvision chairman, earns an annual salary of £116,640 while Mr Terry Norris, managing director, earns £110,160. Mr RG Prime and Mr GM Brown, directors, earn £64,800 and £100,980 respectively.

Pittencrieff offer for AmBrit lapses

The hostile offer for AmBrit International from Pittencrieff, the oil production and communications group, lapsed yesterday with Pittencrieff having received acceptances in respect of just 3.4m shares (5.2 per cent) and £436,102 nominal of the loan stock (48.6 per cent).

Together with its existing holding, Pittencrieff now has a total of 23m AmBrit shares (35.1 per cent).

On Wednesday United Energy, the USM-quoted oil and gas group, made an agreed offer for AmBrit, valuing the oil and gas company at £7.3m and its loan stock at £1.1m.

Pittencrieff expects to profit significantly from its offer as its holding in AmBrit at United's cash alternative of 9p per share should realise a gross profit of about £685,000.

Pittencrieff's shares rose 12p to close at 202p yesterday.

Seeboard expands with £4m acquisition

Seeboard, the electricity supplier for south-east England, has agreed the purchase of Nene Electrical Installations from the Nene Group for a total not exceeding £4m cash.

Nene Electrical, a medium-sized electrical installation company based in Daventry, Northamptonshire, had turnover of £12.4m in the year to end-March 1991. Profits after tax were £560,000.

Refuge Group shows improvement

Refuge Group, the Cheshire-based life assurance company, has bucked the trend for the insurance industry by announcing improved new business figures.

Sales of single premium pensions increased by 60 per cent to £52.3m. Annual premium pensions also increased, from £2.61m to £3.32m.

Sales of unit trusts were down heavily, from £10.75m to £4.05m, reflecting an awkward year for the unit trust industry as a whole.

Sears makes £5m Netherlands buy

Sears, the UK retailer, is set to achieve its long-held ambitions to break into the continental European mail order market with the purchase of ter Meulen Post of the Netherlands for less than £5m.

The UK group's mail order division, Freemans, is in the final stages of negotiations for the loss-making Dutch mail order house. A deal is likely to be completed within two months.

Last year ter Meulen Post reported sales of £33m.

Pickwick wins Euro Disney contract

Pickwick Group, the audio and video entertainment company in which Pearson, owner of the Financial Times, has a 20 per cent stake, has been appointed exclusive supplier of Disney stories on book and tape to Euro Disney and original music from Disney soundtracks in cassette and compact disc formats.

All Disney products are manufactured in the UK and are currently being distributed from Pickwick's warehouse in north-west London.

The group is the first big video and music distributor to launch a pan-European central warehouse based in the UK.

Increased loss for Banner Homes

Banner Homes Group suffered an increase in pre-tax losses, from £288,000 to £483,000, in the half year to September 30.

Only 25 units were sold at an average price of £138,000, realising turnover of £3.44m, against £4.08m, and leading to an operating loss of £89,000 (profit £237,000). Losses per share were 3.3p (1.8p).

Since the end of the period the group had sold an industrial estate and a residential development site realising cash of £1.25m and a profit.

The company's shares trade on the USM.

Scot & Newcastle £12m reorganisation

Scottish & Newcastle has announced a £12m reorganisation of its production plant in a move designed to improve operational efficiency.

The brewer is to transfer one of its two high-speed canning lines from the Fountain brewery, Edinburgh, to its Royal brewery, Manchester, where it will be better placed to supply the take-home drinks trade.

A new £7.5m bottling line will be installed on the vacated site in Edinburgh to cope with demand for the company's bottled beers.

COMMODITIES AND AGRICULTURE

Canadian Wheat Board makes record C$740m loss

By Bernard Simon in Toronto

THE CANADIAN Wheat Board has blamed the US-EC subsidy war and bumper crops for a record C$740m loss on grain sales in the 1990-91 crop year.

Last year's loss, which is only the third since the board became the sole marketer of prairie wheat in 1943, will be financed by the federal government. This subsidy will bring total government payouts to Canadian farmers to about C$5.5bn this year, with the bulk directed at hard-pressed grain producers.

The board, which accounts for about 20 per cent of world wheat exports, said it has made every effort to concentrate sales on the few remaining "commercial" markets not targeted by US and EC subsidies. But only an estimated 21 per cent of world wheat trade was not directly influenced by export subsidies last year. In any case, the board noted that "as subsidies increase, competition for the remaining non-subsidised markets becomes more intense".

It said that US discounts for milling wheat under the Export Enhancement Program were as high as US$64.55 a tonne last year. EC export subsidies reached a peak of US$191.50 a tonne.

The wheat pool ended the year with a deficit of C$673.4m, compared with a C$208.2m surplus the previous year. The board fixed initial payments to producers before the start of the season at C$135 a tonne, but selling prices fell short by an average of C$30.34 a tonne.

For durum, the shortfall was C$69.6m, or C$20.36 a tonne. This is the first time that the durum pool account has been in the red. The barley account suffered a C$1m loss, although the board reported a C$27m profit on malting barley sales.

This season's initial payment to wheat producers is C$95 a tonne. In an effort to match producer prices more closely with volatile market conditions, the board now announces its prices just days before the season starts each August. The 1990-91 prices were announced in May 1990.

Foresters on the defensive

By Bernard Simon

CANADA'S FORESTRY industry has mounted a broad-based campaign in Europe to counter increasingly virulent criticism of its environmental practices.

The pulp and paper producers have been stung by articles in, among others, The Observer and National Geographic magazine, as well a critical letter sent by Greenpeace last October to German buyers of Canadian forestry products.

The companies, supported by the Canadian and British Columbian governments, hope that their efforts will forestall protests and boycotts such as those that crippled the Canadian fur industry in the 1980s.

Mr Howard Hart, president of the Canadian Pulp and Paper Association (CPPA) in Montreal, said yesterday that "we recognise the potential for regulations and public attitudes on environmental matters to become significant trade barriers".

Mr Allan Sinclair, vice-president of British Columbia's Council of Forest Industries, said that producers were receiving "occasional questions" from customers who "want reassurance that forests are being well managed for the long run."

The counter-measures range from visits by customers, journalists and parliamentarians to forests and mills in Canada, to a welter of publications putting the forestry companies' case. Canfor Corporation of Vancouver recently sent its chief forester to Germany on a speaking tour, and MacMillan Bloedel is considering a similar initiative.

The CPPA has set up a task force, headed by the chief executives of Scott Paper and Fletcher Challenge Canada, to suggest further measures. The options include an environmental "code of ethics", with compliance signified by a stamp on Canadian products.

Criticism of the Canadian companies centres on their tree-cutting practices and on the toxic effluent produced by pulp mills.

Action threatened on overfishing

By Ken Warn

MR JOHN Crosbie, Canada's minister of fisheries and oceans, has launched a bitter attack on Spanish and Portuguese fishing vessels operating outside Canadian waters, accusing them of "raping" the fish stocks of the north-west Atlantic.

Canada would be intensifying its efforts to win European Community backing on the overfishing issue this year, Mr Crosbie said this week. But if that failed, Canada might be forced to extend unilaterally its 200-mile fishing zone, introduced in 1977.

"Ultimately unilateral action is a possibility, although we would not adopt it without being pressed into it. But we are not going to sit by and see the stocks plundered," he said.

Canada is also seeking changes in the United Nation's Convention on the Law of the Sea, adopted in 1982, to take account of the problem of "straddling stocks". Canada claims it is unique in the extent to which important fish stocks straddle its 200-mile limit, due to the configuration of the continental shelf, leaving the domestic fishing industry prey to the depredations of foreign vessels. Canada does not have distant water fleets.

Mr Crosbie will be raising the law of the sea issue at a conference on international boundaries sponsored by the Royal Institute of International Affairs in London today.

Canada has been at loggerheads over fishing with the EC, particularly Spain and Portugal, since the late 1980s. In 1990 the EC agreed to accept quotas set by the Northwest Atlantic Fisheries Organisation, of which both the EC and Canada are members, for eight of the key species in the area beyond the 200-mile limit. However, the EC refused to accept the Nafo moratorium on northern cod, a mainstay of the fishing industry in Canada's maritime provinces.

Canada also maintains that although EC quotas came down, catches did not. It was therefore seeking a firm commitment by the EC to observe all the Nafo quotas, backed by an effective international system of surveillance and control beyond the 200-mile limit, Mr Crosbie said. Such a system would also help tackle overfishing by non-Nafo vessels, which often operate under flags of convenience, and the misreporting of catches.

In the past the EC has challenged the Nafo quotas on scientific grounds, questioning the degree to which stocks have been depleted.

In addition Canada was embarking on an international information campaign to alert the public to the overfishing problem and emphasise the importance of sustainable development.

"Its not going to be easy," he admitted. "Cod aren't exactly cuddly creatures like seals. You can't show the public some Brigitte Bardot-type figure cuddling cod to her bosom".

Spanish and Portuguese representatives would be invited to Canada to see the problems for themselves, he said.

Despite his avowed intention to win hearts and minds to the Canadian viewpoint, Mr Crosbie was scathing about his Spanish and Portuguese counterparts. "The Spanish and Portuguese fisheries ministers make magnificent speeches. I can enthusiastically support everything they say, but its not carried out in practice. It's all hypocrisy."

Nymex pulls out of relocation project

By Barbara Durr in Chicago

THE NEW York Mercantile Exchange, the world's largest energy futures market, has decided to withdraw from a $450m relocation project with four other New York-based commodity exchanges.

Late on Wednesday, Nymex's board voted unanimously to pull out of the move to a new building in New York City. Its officials cited economic conditions, escalating costs and lack of progress in consolidating operations with its relocation partners.

The four other exchanges involved in the project – the Coffee, Sugar & Cocoa Exchange, the Commodity Exchange (Comex), the world's largest precious metals market, the New York Cotton Exchange, and the New York Futures Exchange – pledged that they would continue with the project.

They said that Nymex's claims about problems with the project were "unjustified". In a joint statement, the four exchanges said the plan was ahead of schedule and that the complaints of a lack of progress on consolidation were unfounded given an agreement to form a joint clearing body and work under way to implement it.

Nymex also expressed concern about the cost of leasing space for member firms. But the other exchanges said that the planned new facility, which was to alleviate overcrowding at their current site, would accommodate the requirements of member firms and that this would have no impact on the cost of the new building.

Nymex's decision appeared to signal that it wished to establish itself in a separate location apart from the other exchanges. Mr Patrick Thompson, Nymex president, said that the exchange would develop a new relocation plan in New York City if feasible. Nymex had preferred a New Jersey site.

● The New York Cotton Exchange has announced that it will introduce a new futures contract for world cotton in the next few months. The contract will be cash-settled and based on the European world index, or index "A", which includes 12 growths and is derived daily by averaging the five cheapest. The contract must be approved by Commodity Futures Trading Commission, the US futures industry regulator.

Chilean copper output forecast to rise

By Leslie Crawford in Santiago

CHILE'S COPPER output is forecast to rise to almost 2m tonnes in 1992 after reaching 1.8m tonnes last year, according to the Chilean Copper Commission (Cochilco).

La Escondida, the giant open-pit mine which started production in December 1990, was almost entirely responsible for the 13 per cent increase. The mine, which is owned by BHP of Australia, RTZ and a consortium of Japanese smelters, produced the equivalent of 294,000 tonnes of copper in the form of concentrates.

In its first year of operation, La Escondida surpassed El Teniente to become the second biggest copper mine in the world after Chuquicamata, also in Chile. La Escondida says it will produce the equivalent of 340,000 tonnes of copper this year.

The current global shortage of smelting and refining capacity, which has sharply raised treatment charges, will not affect La Escondida because long-term supply contracts were clinched with smelters in Japan, Germany, and Finland before the mine came on stream.

Apart from La Escondida, the other main source of Chile's increased copper output in 1992 will come from Exxon's Los Bronces mine, which has just completed an important expansion programme.

Codelco, the Chilean state copper company, remains the world's biggest producer with an output of 1.12m tonnes in 1991. It's production, however, has been falling since 1989 and is unlikely to recover in the near future. Codelco's mines were hit by mid-year strikes and El Teniente, its second-biggest division, has been plagued by rock-bursts in a section of the underground tunnels that contains most of the mine's remaining reserves.

Despite Codelco's declining importance, the *Chilean Copper Commission* estimates that the country's overall production will rise steadily due to a number of large private-sector projects that will come on stream in the mid-1990s. It forecasts that output will reach 2.18m tonnes by 1994.

● Mr Holger Bannach, Chuquicamata's general manager, will be leaving the mine in March to take up a post with a Codelco subsidiary in Germany, the company announced this week. Mr Bannach was deeply unpopular with Chuquicamata's miners, who accused him of running the mine with an authoritarian hand. His dismissal one of the workers' demands during a three-week strike in July. Although Codelco backed its general manager during the stoppage, Mr Bannach's move is being regarded as a gesture to improve industrial relations at the Atacama desert mine.

Australian offshore oil project given green light

By Kevin Brown in Sydney

THE AUSTRALIAN government has given the go-ahead for offshore oil exploration in the Otway Basin, 200 km (125 miles) south-west of Melbourne, in spite of threats of sabotage by environmental activists.

Mr Alan Griffiths, the federal Resources Minister, said Broken Hill Proprietary would be allowed to drill exploration wells in the area under strict environmental supervision. However, Mr Griffiths said it was "in the national interest" for BHP to start exploration quickly, without carrying out the environmental impact study which is usually required.

The announcement follows growing pressure on the government to speed up the approval process for major projects to help reduce unemployment, which stands at a post-war record of 10.5 per cent. The government said BHP had agreed to observe a strict environmental management plan, which would be supervised jointly by the federal government and the state government of Victoria.

BHP said the plan would ensure the protection of the marine environment in the basin, which is an important breeding ground for the Southern Right Whale between April and October.

Greenpeace, the international environmental organisation, said the decision was "appalling," and threatened direct action to prevent drilling. The group used rubber dinghies to disrupt BHP's seismic survey of the area last year. "It [is] absolutely appalling that this decision has been made without any environmental impact statement," said Mr Rick Humphries, Greenpeace national liaison officer.

Federal government officials suggested the field could contain more than 3bn barrels of oil, compared with Australia's existing reserves of about 1.9bn barrels. The biggest producing field, in the Bass Strait, contains about 1bn barrels.

However, BHP said the area was "assessed to be frontier exploration, and as such has a relatively low probability of [containing] major hydrocarbon accumulations".

Negotiations to reopen on Kambalda nickel mine

By Kevin Brown

WESTERN MINING Corporation, the Australian mining group, yesterday said it planned to reopen negotiations with the Australian Workers' Union on the future of its Kambalda nickel operations in Western Australia, which the company has threatened to scale down.

WMC also said it had withdrawn about 100 redundancy notices due to take effect today to demonstrate good faith in advance of a discussion of unspecified "initiatives". A further 50 redundancy notices expected to be issued today will be delayed.

The group said in November that it would not proceed with a proposed A$105m expansion of the Kambalda operation because of the refusal of the union to accept proposals for continuous mining. However, it is believed to have agreed to reopen negotiations after managers had a meeting with Mr Ian Taylor, the deputy premier of Western Australia, earlier this week.

WMC wants to increase deep mining at several mines in the Kambalda area, where it produces around 35,000 tonnes of nickel a year. The project was part of a A$400m (£160m) spending programme intended to increase the group's total nickel output to 65,000 tonnes a year from 53,000.

However, the group says expanded deep mining cannot be competitive unless it is accompanied by seven-day working, which it has been trying to introduce for more than a year. The company claims the union is responsible for "months of obstruction, strikes and divisive behaviour" at Kambalda.

The project appeared to be progressing well earlier this year when WMC was given approval by the Industrial Relations Council to move from five-day to seven-day working. However, it was postponed last month after the state government delayed the implementation of changes to the Mines Regulation Act needed to allow continuous working.

WA is the only Australian state where continuous seven-day working is forbidden by law.

Oil prices fall further as glut fears strengthen

By Deborah Hargreaves

OIL PRICES slipped further yesterday as fears of a glut of oil on world markets gathered strength. North Sea Brent crude oil for February delivery dropped 30 cents to $16.85 a barrel in a busy market.

"The price is nowhere near a bottom: we could see another couple of dollars knocked off Brent without blinking," said Mr Peter Gignoux, head of the international energy division at Lehman Brothers.

Oil prices had been supported by traders' anticipation of a colder winter than usual and a continuing slide in exports from the former Soviet Union. However, this has not materialised and demand has been depressed by the slowness of recovery of western economies.

US meteorologists point out that in North America the weather has been so mild that it would take temperatures some five degrees below the normal level for the next six weeks just to reach the seasonal average.

The market was further depressed by the announcement from Vienna that talks between Iraq and the United Nations had been extended for another day, heightening fears that some Iraqi oil could return to the market soon.

Many analysts see oil prices staying weak into the second quarter unless the Organisation of Petroleum Exporting Countries institutes some heavy production cuts. Smaller producers which want emergency action are losing their voice against the clout of Saudi Arabia.

Countries such as Algeria and Nigeria, which have called for an emergency meeting, are in the midst of a political upheaval that could see the oil ministers replaced.

WORLD COMMODITIES PRICES

MARKET REPORT

THE GOLD price on the London bullion market yesterday continued the rally sparked by the oversold situation reached in Monday's sharp dip to below $350 a troy ounce. Dealers said the stronger tone was underpinned by good physical demand as the price advanced $3.45 to $353.75 an ounce at the close. And afterhours trading saw a further rise to $355 an ounce as dealers responded to early gains in the New York futures market, prompted by heavy US investment fund and Middle Eastern buying. The platinum market was also firm, in response to news of a strike at Impala's Bafokeng North mine in South Africa. The price was fixed in the afternoon at $338.25 an ounce, up $2.65. Nervous short-covering continued to affect the London Metal Exchange aluminium market, where the cash position closed $11 up at $1,130.50 a tonne. But the rise had been trimmed as a rise in the dollar dampened hopes of increased consumer demand. The firmer dollar was a bullish factor for the sterling-denominated copper market, where the cash position ended at £1,155 a tonne, up £30 on the day. Traders noted, however, that when currency factors caused such big movements it tended to make markets thin.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.45-4.55q	+.075
Brent Blend (dated)	$17.10-7.20	-.125
Brent Blend (Feb)	$16.95-7.05	-0.05
W.T.I. (1 pm est)	$18.05-8.15q	+.025
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$185-189	-2
Gas Oil	$157-158	-5
Heavy Fuel Oil	$61-62	-1
Naphtha	$177-179	-2
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$353.75	+3.45
Silver (per troy oz)♣	402.0c	+3.4
Platinum (per troy oz)	$338.25	+2.50
Palladium (per troy oz)	$81.40	+1.65
Copper (US Producer)	98.16	-0.27
Lead (US Producer)	37.375c	
Tin (Kuala Lumpur market)	14.57r	-0.06
Tin (New York)	254.50c	-1.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.47p	+1.15*
Sheep (live weight)†♣	103.68p	
Pigs (live weight)†	85.07p	+1.25*
London daily sugar (raw)	$216.0t	
London daily sugar (white)	$267.0t	+1.0
Tate and Lyle export price	£223.5	+1.5
Barley (English feed)	£124.0	
Maize (US No. 3 yellow)	£147.0	-0.5
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	48.25p	+1.00
Rubber (Mar)♥	49.50p	+0.75
Rubber (KL RSS No 1 Feb)	214.5m	
Coconut oil (Philippines)§	$765t	
Palm Oil (Malaysian)§	$385.0y	
Copra (Philippines)§	$505.0t	+10.0
Soyabeans (US)	£142.5	+2.0
Cotton "A" index	60.70c	-0.60
Wooltops (64s Super)	408p	-9

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	186.00	185.00	184.80	183.40
May	186.40	186.00	184.40	183.40
Aug	190.00	189.00	188.20	188.00
Oct	190.00	188.00	186.80	185.40
White	Close	Previous	High/Low	
Mar	268.6	268.5	269.5	267.1
May	273.6	273.0	274.2	272.0
Aug	277.8	277.0	278.0	275.9
Oct	261.6	259.5	262.0	258.4
Dec	261.0	259.0	262.0	259.0
Mar	261.6	259.5	260.5	257.5
May	263.0	261.0	263.0	259.7

Turnover: Raw 697 (304) lots of 50 tonnes. White 3758 (2230)
Paris- White (FFr per tonne): Mar 1444.43, May 1476.46

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Feb	17.08	16.92	17.13	16.88
Mar	17.04	16.84	17.08	16.85
Apr	16.98	16.84	16.96	16.88
May	16.95	16.85	17.03	16.70
Jun	16.97	16.83	16.97	16.78
Oct	17.15	17.16	17.15	17.15
IPE Index	17.61	18.18		

Turnover na (39244)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Jan	154.00	157.75	158.00	152.25
Feb	156.50	159.50	159.25	153.50
Mar	157.00	159.00	159.00	154.25
Apr	156.00	158.00	157.50	154.25
May	155.50	157.50	158.00	154.00
Jun	157.00	158.75	158.50	155.00
Jul	159.50	161.00	159.50	158.00
Aug	162.00	162.75	162.00	159.00
Sep	164.50	165.25	163.00	161.50

Turnover na (26547) lots of 100 tonnes

FRUIT & VEGETABLES
Grapefruit is this week's best buy with white varieties at 19-30p each (19-30p) and pink varieties at 25-40p each (25-50p). Bananas remain a good buy at 45-70p a lb (45-70p) along with English conference pears at 36-40p a lb (35-60p). Savoy cabbage is excellent both in terms of quality and quantity and is 15-20p a lb (15-20p). Tomatoes for Spain and Canary Islands are good value for money at 60-69p a lb (60-75p), together with spring onions at 45-55p a lb (35-50p). Celery is another good salad buy at 65-90p a bunch (36-69p) as is round lettuce at 36-40p each (36-50p). NB: prices from 18.12.91 shown in brackets.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	713	712	713	705
May	738	738	739	730
Jul	763	764	765	758
Sep	788	788	790	782
Dec	823	823	823	817
Mar	853	852	854	850
May	870	870	869	
Jul	891	888	890	888
Sep	909	906	907	901
Dec	935		930	

Turnover: 6284 (8341) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.8 897.53 (900.78) 10 day average for Jan.9 939.31 (964.94)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Jan	1038	1025	1030	1025
Mar	1006	1006	1013	1001
May	1005	1003	1008	998
Jul	1021	1017	1014	1012
Sep	1038	1029	1030	1026
Nov	1046	1043	1047	1041

Turnover:1265 (2324) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan.8: Comp. daily 62.62 (62.25; 15 day average 61.95 (61.95)
Sterling close: January £568 , March £562

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	121.5	121.0	121.5	120.3
May	139.5	138.0	137.1	

Turnover 28 (22) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	119.00	117.00	119.00

Turnover 3 (15) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jan	1542	1537	1542	1530
Feb	1570	1565	1570	1560
Mar	1584	1578	1579	1570
Apr	1598	1591	1598	1590
Oct	1485		1485	
BFI	1484	1477		

Turnover 337 (266)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	125.40	125.75	126.40	125.25
Mar	128.25	128.55	128.25	128.20
May	131.75	132.00	131.75	131.40
Jun	133.45		133.50	133.20
Barley	Close	Previous	High/Low	
Mar	121.40	121.95	121.75	121.40
May	123.40	123.90	123.40	

Turnover: Wheat 344 (211), Barley 25 (67).
Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg	
	Close	Previous	High/Low	
Jan	108.0		108.0	
Feb	110.0	109.0	109.6	109.0
Mar	112.0	109.5	109.5	
Apr	112.0	109.5	108.5	

Turnover:46 (44)lots of 3,250 kg

MGMB – London FOX				
	Close	Prev.	High	Low	Vol
Indx	129.69	128.00			

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 19,322 lots
Cash	1130-1	1119-20		1130-1		
3 months	1153-4	1143-3.5	1159/1146	1153-3.5	1150-1	122,130 lots
Copper, Grade A (£ per tonne)						Total daily turnover 2,431 lots
Cash	1154.5-5.5	1124.5-5.5	1155/1136	1136.5-6.5		
3 months	1182-2.5	1153.5-4.0	1182/1157	1162.5-3.0	1180-1	104,312 lots
Lead (£ per tonne)						Total daily turnover 39,431 lots
Cash	285-6	281-2	282	282-2.5		
3 months	296.5-6.75	292.5-2.75	299/293.5	293-3.5	297.75-8.50	18,926 lots
Nickel ($ per tonne)						Total daily turnover 2,437 lots
Cash	7305-15	7280-90	7290	7288-90		
3 months	7370-5	7350-5	7380/7345	7348-50	7375-80	20,075 lots
Tin ($ per tonne)						Total daily turnover 964 lots
Cash	5475-85	5480-90	5490	5485-90		
3 months	5530-5	5535-40	5540/5530	5538-40	5530-40	4,783 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,598 lots
Cash	1148-50	1136-8	1148/1143	1148-50		
3 months	1111-2	1105-6	1114.5/1105	1109-10	1114.5-5.0	41,197 lots

LME Closing £/$ rate:
SPOT: 1.8295 3 months: 1.8006 6 months: 1.7700 9 months: 1.7420

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz) $ price		£ equivalent
Close	353.50-354.00	
Opening	351.50-351.90	
Morning fix	351.75	188.981
Afternoon fix	351.55	189.464
Day's high	353.50-354.00	
Day's low	351.00-351.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.20	6 months	3.11
2 months	3.16	12 months	3.09
3 months	3.13		

Silver fix	p/fine oz	US cts equiv
Spot	214.15	398.00
3 months	219.60	401.55
6 months	225.10	405.25
12 months	235.90	412.95

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	351.50-352.50	189.50-190.00
Maple leaf	362.00-363.00	195.50-196.00
New Sovereign	86.00-87.00	46.50-47.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1050	99	125	2	6
1150	28	54	28	33
1250	2	16	108	93
Copper (Grade A)	Calls		Puts	
2050	100	123	12	31
2150	36	66	48	72
2250	9	30	119	134
Coffee	Mar		Mar	
500	64		2	
550	26		14	
600	7		45	
Cocoa	Mar	May	Mar	May
700	31	61	18	23
725	19	46	31	33
750	11	34	48	46
Brent Crude	Feb	Mar	Feb	Mar
1700	25	57	37	87
1750	10	43		
1800	1	25	125	126

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	356.6	350.6	352.0	352.0
Feb	357.5	351.5	359.2	351.6
Mar	358.4	352.4	0	0
Apr	359.4	353.5	361.0	353.6
Jun	361.4	355.5	363.2	355.7
Aug	363.4	357.5	364.2	359.0
Oct	365.4	359.4	366.0	365.5
Dec	367.5	361.4	369.3	362.0
Feb	369.6	363.4	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	339.5	336.8	339.5	338.0
Apr	340.0	337.5	343.5	338.0
Jul	341.5	339.2	342.0	340.5
Oct	346.8	344.5	350.5	348.5
Jan	348.0	345.7	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	412.9	394.6	398.0	398.0
Feb	413.9	395.8	0	0
Mar	416.3	397.0	418.0	397.0
May	418.7	400.3	420.5	401.5
Jul	422.0	403.4	423.5	405.5
Sep	425.2	406.5	418.5	409.0
Dec	430.4	411.3	433.0	412.5
Jan	432.3	413.1	0	0
Mar	435.9	416.8	434.0	420.0
May	440.0	420.2	422.5	422.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	93.65	93.90	94.60	93.65
Feb	94.00	94.30	94.75	94.00
Mar	94.35	94.55	95.40	94.30
Apr	94.50	94.75	0	0
May	94.65	94.90	95.50	94.65
Jun	94.85	95.15	0	0
Jul	95.05	95.35	95.75	95.30
Aug	95.20	95.40	0	0
Sep	95.30	95.40	95.90	95.65
Oct	95.40	96.40	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.46	8.43	8.52	8.35
May	8.45	8.46	8.50	8.37
Jul	8.46	8.46	8.51	8.39
Oct	8.53	8.36	8.54	8.38
Mar	8.51	8.42	0	0
May	8.49	8.40	8.46	8.45

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Feb	18.11	17.87	18.23	17.72
Mar	18.14	17.89	18.25	17.75
Apr	18.23	18.03	18.35	17.95
May	18.30	18.10	18.40	18.00
Jun	18.35	18.17	18.49	18.12
Aug	18.39	18.29	18.39	18.20
Sep	18.55	18.35	18.65	18.36
Oct	18.70	18.41	18.71	18.42
Nov	18.70	18.47	18.70	18.52

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Feb	5060	4936	5080	4915
Mar	5150	5037	5165	5010
Apr	5100	5033	5120	5000
May	5050	4980	5075	4975
Aug	5100	5046	5100	5070
Sep	5250	5171	0	0
Oct	5400	5266	5400	5325
Nov	5450	5361	5450	5430

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1183	1186	1195	1173
May	1218	1223	1233	1211
Jul	1257	1261	1268	1248
Sep	1283	1287	1298	1288
Dec	1328	1332	1340	1325
Mar	1364	1368	1377	1377
May	1386	1390	0	0
Jul	1408	1412	0	0
Sep	1432	1436	0	0
Dec	1462	1466	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	79.40	79.25	79.95	79.10
May	82.10	81.85	82.55	81.60
Jul	84.80	84.55	85.20	84.60
Sep	87.35	87.40	87.90	87.35
Dec	90.85	90.60	90.85	90.30
Mar	93.75	93.85	94.00	93.75
May	96.50	96.50	96.50	96.50

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	57.73	59.44	59.04	57.58
May	59.30	61.02	60.60	59.15
Jul	60.40	62.08	61.68	60.26
Oct	62.90	63.65	63.65	62.75
Dec	63.43	64.15	64.10	63.26
Mar	65.15	65.60	65.51	65.25
May	65.90	66.05	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	156.45	152.65	157.75	154.50
Mar	156.80	153.10	157.00	153.30
May	157.30	153.90	157.40	154.00
Jul	157.35	154.05	157.60	154.20
Sep	156.10	153.55	156.90	155.35
Nov	143.95	143.15	145.50	145.35
Jan	143.90	142.95	143.95	143.00
Mar	143.90	142.95	0	0
May	143.90	142.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan.9	Jan.8	mnth ago	yr ago
1588.4	1585.1	1606.6	1659.3

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan.8	Jan.7	mnth ago	yr ago
Spot	112.51	112.55	113.87	123.33
Futures	121.05	121.09	118.73	128.74

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	563/6	564/6	567/4	561/0
Mar	569/4	565/4	571/0	562/4
May	573/4	572/0	577/2	569/2
Jul	582/2	580/0	587/0	578/0
Aug	586/0	584/0	589/0	582/0
Sep	587/4	586/2	590/0	584/0
Nov	593/0	591/2	597/0	588/0
Jan	601/4	598/4	604/0	598/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	18.89	18.79	18.94	18.75
Mar	19.09	19.02	19.19	18.96
May	19.36	19.32	19.49	19.26
Jul	19.65	19.60	19.77	19.57
Aug	19.80	19.77	19.90	19.72
Sep	19.91	19.85	20.05	19.87
Oct	20.02	19.86	20.10	20.02
Dec	20.30	20.25	20.40	20.25

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	173.2	174.5	175.8	173.2
Mar	173.3	174.2	175.5	173.2
May	174.2	174.8	176.0	173.8
Jul	175.7	176.7	177.5	175.5
Aug	176.7	177.5	178.0	176.6
Sep	177.7	178.6	178.5	177.8
Oct	191.4	191.6	192.5	191.2
Dec	193.5	193.0	193.5	192.9

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	252/6	253/0	254/2	250/4
May	259/4	259/4	260/6	257/4
Jul	264/4	264/2	265/4	262/4
Sep	263/6	262/6	264/4	262/2
Dec	263/4	261/6	263/6	261/2
Mar	270/2	268/0	270/2	267/6
May	274/4	272/0	274/4	272/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	400/6	404/4	404/0	400/0
May	379/4	381/6	382/0	378/0
Jul	345/2	345/4	346/4	344/0
Sep	348/2	347/6	349/4	347/2
Dec	356/2	357/4	358/0	355/4
Mar	360/0	358/0	361/0	358/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	74.10	73.37	74.17	73.12
Apr	74.75	74.15	74.80	73.85
Jun	70.12	69.45	70.20	69.45
Aug	67.75	67.20	67.65	67.25
Oct	68.12	67.65	68.17	67.60
Dec	68.65	68.60	68.96	68.60

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	40.10	39.95	40.70	39.90
Apr	39.17	39.07	39.70	38.75
Jun	44.82	44.37	44.85	44.10
Jul	45.00	44.82	45.15	44.80
Aug	43.20	43.07	43.40	42.90
Oct	40.52	40.40	40.65	40.17
Dec	42.85	42.95	43.15	42.65

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	35.95	35.35	36.07	35.05
Mar	36.40	35.80	36.45	35.35
May	37.42	36.97	37.80	36.80
Jul	37.70	37.25	37.95	37.00
Aug	36.20	35.60	36.75	35.00

LONDON STOCK EXCHANGE

Footsie challenges 2,500 mark again

By Terry Byland, UK Stock Market Editor

A STRONG performance from the US dollar in the wake of the US and Japanese initiative on economic strategy drove the UK stock market ahead yesterday. London advanced slowly at first but the second half of the session saw the Footsie briefly regain the 2,500 mark as stock markets across Europe responded to firmness in the US currency and equities.

At the close, the FT-SE index was 30.8 up at 2,497.9 on increased trading volume described as "solid and two-way, rather than dramatic". The day's Seaq total jumped to 715.6m shares, significantly higher than Wednesday's 505.3m although still behind the 815.3m share session of December 19.

Stock Exchange statistics show that retail, or customer business in London equities, has averaged just below £1bn daily over the past week, confirming reports that the institutions have been reshaping portfolios rather than increasing them.

Account Dealing Dates		
First Dealings:		
Dec 30	Jan 13	Jan 27
Option Declarations:		
Jan 9	Jan 23	Feb 6
Last Dealings:		
Jan 10	Jan 24	Feb 7
Account Day:		
Jan 20	Feb 3	Feb 17

*New-time dealings may take place from 8.30 am two business days earlier.

Yesterday's rise in the stock market also reflected a rapid expansion in the premium on the March futures contract on the Footsie; the March contract was trading around the 2,540 mark at mid-afternoon.

Traders again stressed that the gain in the London market was directly based on Wall Street, where the Dow Industrial Average challenged its intra-day peak to show a gain of 12 points in UK hours.

International blue chips, with dollar-based sales, moved smartly higher as the US currency broke through a significant resistance level against the D-Mark. Although sterling remained at hazard, worries over domestic base rates slackened as London money market rates eased.

The Footsie benefited from renewed demand for selected stocks in the pharmaceutical sector which, after outperforming last year, has been widely recommended as an attractive sector for the 1990s. The shares are regarded as a safe haven against the domestic recession as well as well placed to benefit from economic recovery in whichever national sector it first shows itself.

The Glaxo share price broke through to a new high as both US and European investors continued to seek stock, and both SmithKline Beecham and Wellcome attracted international buyers.

There was a significant recovery in some oil stocks as several of the UK brokers who have been sellers decided that the falls in share prices had gone far enough to offer bargaining-hunting opportunities. Banks also continued to edge back into favour after their period in the market's sell lists.

But gains in the building and retail stocks, which have been under renewed pressure from interest rate worries, were modest. There were a number of large share deals in some of the non-Footsie stocks, which boosted share volume without involving significant amounts of institutional money.

Some equity strategists continued to take a cautious view of the outlook for the UK market. Mr Nicholas Knight, the bearish strategist at Nomura Research Institute Europe, warned yesterday that the intra-day Footsie of 2,540.1 reached on Monday could prove to be the high point for 1992.

However, analysts at Smith New Court, the London securities house, believe that a Footsie target of 2,800 at the year-end "is not unreasonable."

Raine linked to Lovell

SHARES in Y.J. Lovell, the troubled Buckinghamshire-based construction group, moved up strongly amid suggestions that Raine Industries had acquired a significant stake in the group.

Lovell touched 23p before ending a busy session 4 ahead at 22p. Raine Industries fell sharply to close 10¾ off at 102½p, with the market concerned at the prospect of Raine bidding for Lovell.

Turnover in Lovell as reported by Seaq was 846,000 shares but the trading screens showed a series of delayed trades carried out at 22p and 24p, which were expected to be recorded on the Seaq overnight ticker. It was these trades which were thought to contain a number of big deals.

Earlier in the session there had been rumours that Taylor Woodrow, the construction group, which acquired a near 5 per cent stake in Lovell in a market raid carried out last June, was about to launch a full takeover bid for Lovell.

Lovell shares plummeted late last year after the group, crippled by deteriorating conditions in the UK and US housing and property markets, warned of heavy losses, that it would pass its final dividend and that it would breach its banking covenants.

US buyers of Glaxo

The price of Glaxo continued to rise yesterday, against the expectations of a number of UK analysts, and reached another all-time high. US buying reversed early weakness in the shares, finally adding a further £1bn to the company's market value.

The stock was off 12 in early trading, discouraged by speculation, later denied, that Barclays de Zoete Wedd had recommended a switch into SmithKline Beecham. There was also some talk of a Cazenove downgrade.

Then, the US buyers moved in during the afternoon and sent the shares rocketing through their chart barrier. They jumped 4.29 per cent or 38 on balance to close at 923p.

Pharmaceutical group Smith & Nephew attracted attention throughout the day as confusion reigned over a possible legal settlement in the US.

Traders reacted to unverified reports that the company was close to a deal to cut damages it was due to pay to US concern Polteco. Suggestions were that damages would be only around $37m, compared with the $96m formerly threatened, and the shares picked up by around 5 per cent.

However, no announcement appeared on the Stock Exchange information service and the company said it had not released any statement on the matter and would not comment further.

Later, the Stock Exchange and Kleinwort Benson, Smith's broker, announced an inquiry into the leak. The shares rose to 144p before closing almost 5 up at 141¼p, the highest price since November 1989. Turnover of about 12m shares made Smith prominent in the market's list of active stocks.

Wellcome demand

Strength in Wellcome was helped by a buy note from Goldman Sachs, the US investment bank. The shares, which are traditionally tightly traded, advanced 35 to 1043p on high turnover of 3m.

Goldman was active after its pharmaceuticals analyst Mr Paul Krikler improved his stance on the stock to a "trading buy". Mr Krikler decided that the shares had returned to the level they were at before recent press comment on potential Aids treatments prompted an overheated rally. He said yesterday: "We believe Wellcome has the strongest earnings per share growth of the major drug companies."

Another bout of pronounced weakness in the life assurance sector was attributed to a bearish note published by UBS Phillips & Drew. Legal & General, by far the poorest performer in the FT-SE 100 index yesterday, fell 10 to 365p, having lost 9 in the previous session. Prudential eased 2 to 233p, additionally unsettled by news that County NatWest had removed the stock from its buy list.

Mr Youssef Ziai, UBS life assurance analyst, said he had shifted his stance on Legal from buy to hold and that for Prudential from hold to sell. He cited political uncertainty for the change in stance, arguing that Labour party policy towards taxation and pensions was a "significant negative for the life sector".

Sentiment in Greycoat improved as the property company contacted brokers to give assurances that the £130m financing for its Embankment Place development would be in place shortly. The shares, which dropped 22 on Wednesday, ended only 2 lower at 74p. County NatWest yesterday confirmed its downgrading of Greycoat's net asset value (nav) – wrongly reported yesterday – as 250p for this year, down from 301p, and to 200p from 312p for 1993.

Hammerson rebounded on the strength of the dollar following the stock's steep fall on Wednesday. The group has a large overseas property portfolio. The ordinary shares picked up 14 to 532p, while the "A" improved 10 to 464p. County downgraded Hammerson's nav by 73 to 655p. A stock overhang pulled Chesterfield Properties down 15 to 410p.

Institutions reacted positively to news that packaging company API had appointed Mr Moger Woolley, formerly chief executive of the DRG packaging group, as non-executive chairman. The shares gained 20 to 123p with Credit Lyonnais Laing (CLL) a heavy buyer.

A series of post-Christmas downgrades by CLL brought significant underperformance by the food retailing giants. Mr Tony Shiret, food retailing specialist at CLL lowered his current year estimate for J. Sainsbury by £10m to £610m, that for Tesco by the same amount to £540m, and that for Argyll by £9m to £360m. Mr Shiret said: "Despite the late run on the food shops pre-Christmas the overall result disappointed".

Tesco fell 7½ to 217p on 6.8m, while Sainsbury dipped 4 to 364p on 2m. Argyll could manage only a minor gain at 287p with 7.5m shares traded. UBS Phillips & Drew was also thought to have reduced its estimate for Tesco.

There were suspicions that a stakebuilder could have been at work in Boddingtons, the brewer, after a number of delayed trades which did not show up during market hours. The shares rose 7½ to 170½p.

Oil shares extended their recent rally. BP gained a further 9½ to 283½p on turnover of 11m, with much of yesterday's support said to have come from Smith New Court after the broker highlighted the stock's yield attractions and said the market had previously been over-optimistic about BP's dividend policy.

Smith was also said to have been behind a steep rise in Burmah Castrol after visiting the company on Tuesday. Mr Nick Clayton at Smith said Burmah shares were oversold and looked more attractive now than at any time for the past two years. The stock closed 18 higher at 490p. Shell, where volume reached 7m, added 6 at 476p.

Sheffield Insulation plunged 25 to 85p as one of the big integrated securities houses was said to have drastically cut its current year estimates. Sheffield's figures are due at the end of March.

A reported downgrading by Cazenove sent Lucas Group down 5 to 109p. Cazenove, which acts as broker to Lucas, declined to comment on the move.

Hotel group Forte entered County NatWest's top-30 share list, analyst Ms Julie Farrar citing an improved room occupancy rate and good recovery prospects. The shares edged up 2 to 231p. Thorn EMI were also added to the list of 30 best buys and raced up 15 to 763p.

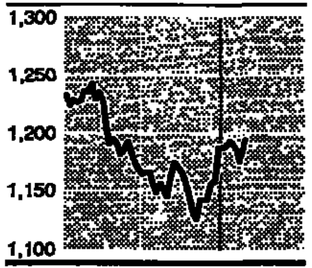
Nomura became the latest broker to put Granada Group on its buy list, the shares gaining 6 to 210p in hefty turnover of 6m. Confidence in new chief executive Mr Gerry Robinson and optimism over BSkyB's chances of recovery were two other prominent reasons driving the price upwards.

A positive sales forecast from Airbus helped British Aerospace gain 11 to 322p in moderate volume of 3.1m. Traders also said that the shares are still relatively cheap after their recent battering.

MARKET REPORTERS:
Peter John,
Christopher Price,
Steve Thompson.

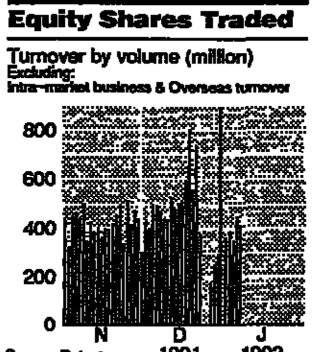
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 18.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (85).
BRITISH FUNDS (14) Tr. 9½pc 1999, Tr. 9½pc 2002, Tr. 10pc 2003, Cv. 9½pc 2004, Do. A, Tr. 12½pc '03-05, Cv. 9½pc 2005, Tr. 8pc '02-06, Tr. 11¾pc '03-07, Tr. 8½pc 2007, Do. A, Tr. 8pc 2009, Cv. 9pc 2011, Do. B, OTHER FIXED INTEREST (2) Asian Devpt. 10¼pc 2009, Intl-Amer. Devpt. 12½pc 2003, Manchester 11½pc 2007, AMERICANS (3) Amdahl, Dial Corp., Hasbro Inc., CANADIANS (3) Bank of Montreal, Brascan, Can. Pacific, BREWERS & DISTILLERS (1) Grand Met., CHEMICALS (1) Yule Catto, CONGLOMERATES (1) Bibby (J.), ELECTRICALS (1) Ericsson (LM), ELECTRONICS (4) Druck, Norsk Data A, Radamec, Soundtracs, ENGINEERING AEROSPACE (1) FR, ENGINEERING GENERAL (2) Victaulic, Wheeso, FOOD MANUFACTURING (3) Tate & Lyle, Do. 7¼pc Prf., Tresit, HEALTH & HOUSEHOLD (8) Astra AB B, Amersham Intl., Bespak, Glaxo, Halstead Nycomed A, Do. B, Smith & Nephew, Takare, HOTELS & LEISURE (2) Granada, Stanley Leisure, INVESTMENT TRUSTS (3) Gartmore Amer. Secs. Zero Prf., Manakin, Scottish Value, MEDIA (1) LWT 3.9375p Prfd., OIL & GAS (3) AmBrit. Intl., Evergreen Res., Pittencriel, OTHER FINANCIAL (2) Sterling, Templeton Galbraith & Hansberger, OTHER INDUSTRIAL MATERIALS (2) Tomkins (FH), Do. 5.6pc Prf., PACKAGING, PAPER & PRINTING (2) CMB Packaging, De La Rue, TEXTILES (1) Shiloh, TRANSPORT (1) Sea Containers, MINES (1) Ayer Hitam.

NEW LOWS (58).
AMERICANS (1) Hasbro Inc., CANADIANS (1) Gulf Canada, BUILDING MATERIALS (3) Albrighton, Ibstock Johnsen, Sheffield Insulations, BUSINESS SERVICES (1) Brook Services, CONGLOMERATES (2) Gieves, Goode Durrant, CONTRACTING & CONSTRUCTION (4) Hey & Croft, Laing (J) A, Prowting, Ward, ELECTRICALS (1) Eness, ELECTRONICS (2) AB Elect., Sema, ENGINEERING GENERAL (3) Alltot (S), Jones & Shipman, Verson Intl., FOOD MANUFACTURING (3) Berisford Intl., Linton Park, Matthews (B), FOOD RETAILING (1) Merchant Retail, HOTELS & LEISURE (2) Kunick, Wembley, INSURANCE BROKERS (1) Archer (A.J.), INVESTMENT TRUSTS (3) Merlin Intl. Green, Nth. American Gas, Scottish Natl. Cap., MISCELLANEOUS (3) Laser-Scan, PFG Hodgson Kenyon, Oil & GAS (7) Blackland, Bridge, Cairn Energy, Goal Petrlm., Pict Petrlm., Santos, Sceptre Res., OTHER FINANCIAL (3) Burlington, King & Shaxson, Smith New Court, PACKAGING, PAPER & PRINTING (1) Continuous Stationery, PROPERTY (10) Aukett Assocs., Bradero, Britannia, Chesterfield, Derwent Valley, Hammerson A, Merivale Moore, New Cavendish, Regalian, Saville, TEXTILES (1) Vivat, TRANSPORT (1) Bergesen d-y A, MINES (5) Anglovaal, De Beers Linked Units, Kenmare, Plateau, Rustenburg Platinum.

FINANCIAL TIMES STOCK INDICES

	Jan 9	Jan 8	Jan 7	Jan 6	Jan 3	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.38	87.34	87.28	87.16	87.10	83.31	87.94 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.98	97.89	97.76	97.65	97.41	91.08	97.98 (9/1/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1904.8	1885.9	1904.1	1906.5	1901.4	1650.3	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	151.2	145.4	140.3	139.2	140.1	172.2	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2497.9	2467.1	2482.9	2493.2	2504.1	2108.7	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1140.71	1120.52	1128.64	1137.88	1135.99	-	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.76	4.83	4.79	4.79	4.80	5.81				
●Earning Yld %(full)	7.14	7.24	7.19	7.18	7.20	12.11				
●P/E Ratio(Net)(☆)	17.60	17.37	17.49	17.51	17.46	9.98				
SEAQ Bargns 4.45pm	28,589	27,305	28,605	32,400	29,210	31,641				
Equity Turnover(£m)†	-	1065.60	958.70	880.10	949.10	1136.13				
Equity Bargains†	-	26,871	30,724	29,750	29,293	30,755				
Shares Traded (ml)†	-	415.8	449.7	351.1	387.5	323.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 16.61.

Ordinary Share Index, Hourly changes — Day's High 1906.9 — Day's Low 1887.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1887.7	1894.3	1894.9	1900.3	1900.2	1898.7	1897.7	1898.1	1904.4

FT-SE 100, Hourly changes — Day's High 2500.0 — Day's Low 2467.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2467.0	2474.8	2475.9	2481.1	2482.3	2480.2	2482.7	2486.5	2498.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1140.91 — Day's Low 1128.31

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1128.48	1129.54	1131.73	1133.92	1133.14	1135.63	1136.34

GILT EDGED ACTIVITY

Indices*	Jan 8	Jan 7
Gilt Edged Bargains	82.4	92.1
5-Day average	75.9	65.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	225	368	+23
ASDA Group	6,500	39	+1½
Abbey National	1,100	382	
Albert Fisher	1,600	75	+1
Allied-Lyons	1,200	632	+2
Amstrad	1,500	26	+1½
Anglian Water	728	339	+4
Argos	1,600	256	+6
Argyll Group	7,500	287	+1½
Arjo Wiggins	368	262	+7
Ass. Brit. Foods	327	468	+11
BAA	2,800	535	+4
BAT Inds.	3,800	688	+11
BET	346	108	
BICC	484	352	+4
BOC	1,500	610	+1
BPB Inds.	100	139	-3
BTR	2,300	408	+6
Bank of Scotland	527	113	+2
Barclays	2,000	363	+3
Bass	698	1038	+9
Berisford Int.	6,100	14	-1
Blue Circle	1,280	221	-1
Booker	683	438	+2
Boots	915	428	+5
Bowater	73	685	+7
Brit. Aerospace	3,100	322	+11
British Airways	5,400	228	+1
British Gas	5,100	245½	+½
British Land	237	258	+1
BP	11,000	283½	+8½
British Steel	12,000	88	-1
British Telecom	6,200	330	+1½
Br. Telecom New	28,000	125½	+1½
Bunzl	2,400	92	+3
Burmah Castrol	368	490	+18
Burton	3,300	35½	
Cable & Wire.	2,180	583	+3
Cadbury Schweppes	1,200	440	-4
Calor Group	14	212	
Carlton Comms.	108	507	+4
Coats Viyella	5,400	168	+1
Comm. Union	846	478	+2
Cookson	489	111	+4
Courtaulds	1,500	519	+1
Dalgety	197	385	+5
De La Rue	535	486	+12
Dixons	4,200	211	+6
ECC Group	445	481	-2
Eastern Elect.	1,100	228	+3
East Midland Elect.	477	247	+5
Enterprise Oil	1,700	429	+9
Eurotunnel Units	1,200	445	+17
FKI	441	52	
Ferranti	1,300	6	
Fisons	6,000	349	+13
Forte	1,400	231	+2
Gen. Accident	612	458	
General Elect.	5,200	190	-1
Glaxo	7,300	923	+38
Glynwed Int.	344	207	-½
Granada	6,000	210	+6
Grand Met.	3,100	925	+8
GUS A	487	1358	+19
GRE	588	122	
GKN	1,200	398	+6
Guinness	4,300	534	-5
Hammerson "A"	148	464	+10
Hanson	6,900	200	+3
Hanson Warrants	31	19½	
Harrisons Crosfield	570	111	-7
Hawker Sidd.	6	750	
Hillsdown	1,800	162	+5
IMI	844	283	+5
ICI	834	1178	+11
Inchcape	531	395	+5
Kingfisher	1,700	482	+7
Ladbroke	3,500	222	-3
Land Securities	397	450	+5
Laporte	668	613	+7
Legal & General	649	365	-10
Lloyds Abbey	545	357	-2
Lloyds Bank	2,180	389	+5
LASMO	2,800	284	+9
London Elect.	942	255	+4
Lonrho	2,900	177	+2
Lucas	10,000	109	-5
MB Caradon	1,500	358	+2
MEPC	548	383	
Manweb	625	318	+4
Marks & Spencer	2,700	274	+1½
Midland Bank	1,200	210	-2
Midlands Elect.	1,700	280	+4
NFC	975	237	+5
NatWest Bank	2,100	271	+7
National Power	2,400	139½	-½
Next	2,400	60	
North West Water	588	341	+8
Northern Elect.	80	284	+9
Northern Foods	721	532	+3
Norweb	28	289	+6
Pearson	361	724	+9
P & O	634	435	+2
Pilkington	3,100	135	+4
PowerGen	1,800	148½	+½
Prudential	2,800	233	-2
RHM	645	244	+4
RMC	60	541	
RTZ	1,900	494	+2
Racal	7,100	51	+½
Rank Org.	1,500	618	+6
Reckitt & Colman	787	681	+16
Redland	485	440	
Reed Intl.	1,600	533	+5
Rentokil	204	330	+5
Reuters	85	1045	+30
Rolls Royce	5,000	130	+6
Rothmans	326	1126	+6
Ryl Bk Scotland	598	161	+1½
Royal Insurance	880	240	-4
Saatchi	8,080	13½	+½
Sainsbury	2,000	348	-4
Scottish & New.	1,400	425	+2
Scot. Hydro-Elect.	2,700	108	+3
Scottish Power	6,100	108	+2
Sears	8,200	86	+4
Sedgwick	1,300	204	+1
Seeboard	470	287	+12
Severn Trent Water	1,800	308	+4
Shell Transport	7,000	476	+1
Siebe	815	544	+5
Slough Ests	69	224	+1
Smith (W.H.) A	698	433	+18
Smith & Nephew	12,000	141¼	+5
SmKl Beecham	2,700	841	+35
SmKl Beecham Uts.	223	[illegible]	+165
Smiths Inds.	980	389	-1
Southern Elect.	44	288	+3
South Wales Elect.	89	317	+6
South West Water	544	319	-7
South West. Elect.	889	282	+9
Southern Water	428	319	+3
Standard Chartd.	1,600	428	+3
Storehouse	1,200	103	+3
Sun Alliance	2,100	285	-1
T&N	6,600	112	-1
TI Group	343	562	+9
TSB	1,300	117	+1
Tarmac	1,300	114	+1
Tate & Lyle	2,500	419	+12
Taylor Woodrow	708	124	+3
Tesco	8,800	217	-7½
Thames Water	818	338	+9
Thorn EMI	1,200	763	+15
Tomkins	908	433	+8
Trafalgar House	1,800	134	-2
Ultramar	798	270	+10
Unigate	1,200	274	-1
Unilever	2,100	893	+19
United Biscuits	1,100	410	+7
Utd. Newspapers	1,500	355	+9
Vodafone	1,908	359	+3
Warburg (SG)	240	532	+12
Wellcome	3,000	1043	+35
Welsh Water	287	349	+3
Wessex Water	183	387	+10
Whitbread 'A'	1,800	451	-7
Williams Hldgs.	2,500	307	-1
Willis Corroon	908	237	+4
Wimpey	1,600	122	+3
Yorkshire Elect.	911	303	+4
Yorkshire Water	100	356	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

HOPES of an early interest rate cut led to volatility in financial futures yesterday, and strength in the derivative markets acted as a subsequent spur to the underlying cash market, writes Peter John.

Belief that the US would cut its discount rate and the hope that this would relieve pressure in Europe encouraged buyers of the March contract. Dealers noted strong early buying from a Japanese house.

The interest ensured that March, which had been coming closer to its fair value – the premium which allows for dividend flow and financing costs on the underlying Footsie stocks – moved upwards and, at one stage, was some 49 points above cash or 20 higher than fair value.

A number of dealers had been going short and were squeezed by the steadily rising price of the contract. March reached the day's high late in the session but then a seller brought it back to 2,542 for the official close.

On the LTOM, turnover leapt from recent desultory volumes to a respectable 32,800 contracts, above the market's perceived break-even point of 30,000. Late dealing ensured that Grand Metropolitan was the most heavily dealt stock option with turnover of 2,694 lots.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		100¼xd	—	101½	100¼	12.73	—
10pc 1992		[illegible]	—	[illegible]	[illegible]	[illegible]	10.24
2pc IL 1992‡‡		[illegible]	—	[illegible]	[illegible]	1.98	8.25
8pc 1992 ‡‡		[illegible]	—	[illegible]	[illegible]	8.05	10.13
10½pc Cv 1992‡‡		100	—	[illegible]	[illegible]	[illegible]	10.26
3pc 1992		[illegible]	—	[illegible]	[illegible]	3.07	[illegible]
Exch 12¼pc 1992		[illegible]	—	[illegible]	[illegible]	12.13	[illegible]
13½pc 1992		[illegible]	—	[illegible]	101	13.26	[illegible]
Treas 8¾pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12½pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	12.07	[illegible]
Funding 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 13¾pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¼pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14½pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas. 10pc Ln. 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12½pc 1994		[illegible]	[illegible]	[illegible]	[illegible]	11.61	[illegible]
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 3pc Gas 90-95		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10¼pc 1995		[illegible]	[illegible]	[illegible]	[illegible]	10.11	[illegible]
Treas 12¾pc 1995‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9pc 1992-96‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.11	[illegible]
15¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13¼pc 1996‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Conversion 10pc 1996		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	11.71	[illegible]
Exch 10½pc 1997		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 8¾pc 1997‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 15pc 1997		[illegible]	[illegible]	[illegible]	117	[illegible]	[illegible]
9¾pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 6¾pc 1995-98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15½pc '98‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Exch 12pc 1998		[illegible]	[illegible]	[illegible]	[illegible]	10.78	9.69
Treas 9½pc 1999‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.42
Exch 12¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.70
Treas 10½pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.58
Conversion 10¼pc 1999		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.57
9pc 2000‡‡		[illegible]	[illegible]	[illegible]	[illegible]	9.22	9.40
[illegible]							

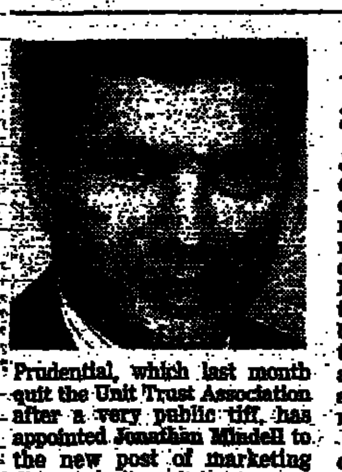
BRITISH FUNDS - Cont.

	Notes	Price £	+or-	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index-Linked							
	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	[illegible]	—	[illegible]	[illegible]	[illegible]	3.84
2pc '96	(67.9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.07
2½pc '01	(78.3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.29
2½pc '03	(78.8)	[illegible]	[illegible]	[illegible]	133	[illegible]	4.31
[illegible]							

OTHER FIXED INTEREST

[illegible]

APPOINTMENTS



Lep links at an end

John Read, deposed as chairman and chief executive of Lep Group after a boardroom coup in November, has resigned as a non-executive director of Govett Strategic Investment Trust. His departure ends a long association between Lep, the troubled distribution and security group, and what used to be the flagship of the John Govett investment trust stable.

Govett Strategic used to specialise in taking strategic stakes in vulnerable companies and replacing the management but more recently has come under attack itself because of its poor performance. Govett was instrumental in getting Read appointed chairman of Lep in 1982 and until October 1987 it had a big stake in Lep.

Read went on the Govett Strategic board in 1985, and his links with the fund manager also led to his appointment to the board of the Macarthy chemist chain.

William Govett, a former chairman of John Govett and a director of Govett Strategic since 1975, resigned as a non-executive Lep director in June after eight years on the board.

Meanwhile, John Read may soon lose another job – his non-executive chairmanship of Macarthy – if the Monopolies and Mergers Commission gives a green light to either of two rival bids.

Prudential, which last month quit the Unit Trust Association after a very public tiff, has appointed Jonathan Mindell to the new post of marketing director in its unit trust operation.

Mindell, who moves from the post of marketing director of the now-defunct Town and Country Building Society, co-ordinated the launch of Marks and Spencer Financial Services into the unit trust and Personal Equity Plan market. His task at Prudential will be to strengthen the company's existing marketing of unit trusts in the UK as well as examine plans to develop similar products for sale in Europe.

The UTA is urging that unit trusts, unlike life insurance, be "de-polarised" so that they can be sold through more sales outlets. Prudential, like the rest of the life insurance industry, opposes the move.

If unit trusts are de-polarised, will Mindell be responsible for exploiting the new marketing opportunities as well? "We'll cross that bridge when we come to it," says the Pru.


■ Keith Tofield, formerly md of DOWTY's polymer engineering division, is appointed director of corporate development; Andrew Walker (above left), formerly md of Dowty Maritime, takes Tofield's place. Mike Walker has been appointed director and general manager of Dowty Group Services; he was previously company secretary. The new company secretary is Stephen Grant.

■ Norman King (above right), formerly md of Airstream Environmental Products, has become group chairman; John Cook, formerly md of Airstream (Essex), is appointed sales and marketing director. Brian Crook is appointed operations director and David Martin, formerly md of Airstream (North-West), becomes finance and administration director.

■ Frank Coyle is promoted to finance director of FOLKES Group.

■ Stephen Palmer is promoted to director, international accounts, of KODAK Copy Products' European region, based in London.

■ Derek Scally and Colman O'Neill, group financial controller, have joined the board of CLONDALKIN.

■ Frank Pullman, formerly general manager worldwide operations for British Airways cargo, has been appointed airports director of London LUTON AIRPORT. Bryan Cookson moves from Manchester airport to become finance director.

■ Tom Hamilton, md of Ashbourne Homes, is appointed to the STAKIS board.

■ John Beaumont is promoted to group finance director of BORTHWICKS.

■ Colin Fuller will become group financial director of ERF (HOLDINGS) on the retirement of John Hobbs at the end of March. Fuller, 48, moves from Jenson & Nicholson.

■ W CANNING has promoted Graham Green to md and Ted Langley to deputy md of its chemicals division. Gill Sharpe is appointed commercial director of W Canning Materials.

■ Barrie Lawson, formerly director telecoms systems within GPT, has joined SCHOLES.

■ Peter Saraga is promoted to director of research at PHILIPS Research Laboratories; he succeeds Keith Fuller who is chairman until his retirement in October.

■ Andrew McGarvey is appointed national sales director of EUROCOPY's Scottish subsidiary Purdie & Kilpatrick; he moves from Rank Xerox.

■ John Aumonier is appointed group md and Nicholas Change group development director of ALLIED RADIO.

■ Louis Murray is a director of IWP INTERNATIONAL.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	35⅞xd	-⅛	38½	20⅞	15,256	1.5
♥Allegheny & W	250p	+24	385p	218p	129.9	6.4
Amdahl	848pxd	+8	18⅛	667p	941.3	0.6
Amer Cyanamid	35½	+1	42⅛	25⅞	3,310	2.3
Amer Express	11⅝xd	+¾	17⅞	9⅞	5,469	4.6
Amer T & T	21⅞xd	+¾	24½	15¾	28,654	3.2
Ameritech	35⅛	+1¼	38⅞	32½	15,379	5.2
BankAmerica	20⅝xd	+⅜	25⅞	12⅞	4,484	3.1
Bankers NY	34⅞xd	-⅞	38¾	20⅞	2,819	7.6
Bell Atlantic	25⅝xd	+½	28½	24¼	10,977	5.2
BellSouth	28⅛	+⅝	31¼	25	13,647	5.2
♥Bethlehem Steel	7⅛xd	+⅛	11¼	6⅞	643.1	3.0
Bowater	1164p	+59	1639p	1042p	418.1	5.5
CPC	45⅞xd	+⅞	54⅞	37⅞	3,491	2.3
California Engy	744p	-67	930p	420p	135.5	—
Campbell Soup h	22	-⅜	25	14⅛	5,538	1.7
Chase Manhattan	10⅛	+⅞	12⅞	5⅞	1,378	6.4
Chrysler	6⅞xd	-⅛	9⅞	5⅞	1,993	4.7
Citicorp	6⅝xd	—	16⅞	4⅝	1,932	—
Colgate-Palm	26¼xd	+1	28⅝	21⅞	3,617	2.2
Cont'l Bank	539p	+34	928p	438p	364.9	5.7
Dana	15⅞xd	+1½	21⅝	13⅝	852.5	5.4
Data General	915p	-10	1262p	203p	252.5	—
Dial	25⅞xd	+⅞	25⅞	12⅞	1,019	2.9
Don & Brad	29½	+¼	38⅞	20¾	3,264	3.9
Eaton	34¼	+1¾	40	24¼	1,183	3.4
Echlin	7⅞xd	+⅛	8½	5½	422.3	4.9
FPL	19¼xd	-⅛	20⅛	14⅞	3,263	8.6
Fluor	24⅛xd	+⅞	30⅞	17⅞	1,952	0.9
Ford Motor	16⅛xd	+⅛	23¼	13	7,692	3.3
Gen Elect	40½xd	+⅞	40⅞	28⅞	35,097	2.7
♥General Host	447p	+42	559p	270p	—	4.3
Gillette	28⅞xd	+⅞	45¾	20⅞	6,313	1.1
Hasbro	21¾	+1⅞	21¾	794p	1,247	0.6
Honeywell	38⅛xd	+1⅞	38½	21⅛	2,858	2.3
Houston Inds	23¼	+⅛	23½	17⅞	2,997	6.8

BUILDING MATERIALS - Cont.

Notes	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
♣Plasticoat	40	—	88	35	3.14	10.0	6.0
■Polypipe h	123	+2	128	67½	189.6	2.0	18.7
■♣Quiligotti	23	—	48	23	6.67	8.9	7.8
■RMC †	641	—	749	491	1,084	4.8	12.5
♣Ramus	64	—	76	50	2.96	0.2	—
■Redland H	440	—	568	410	1,496	7.6	12.7
Rosket	63	—	79	63	9.45	9.1	6.7
■Rugby	174	+2	206	135	505.0	4.9	12.8
Russell (A)	82	—	99	72	19.2	3.5	15.0
♣SWP	7½	—	22	7½	1.86	10.7	3.4
♣Sandell ‡	31	—	82	23	0.78	‡	—
St Gobain FFr	£47⅞	+⅞	£49⅞	£33⅞	3,216	4.9	4.6
Sharpe & Fisher	72	—	98	70	14.9	7.4	89.8
♣Shaw (A)	57	—	82	46	4.99	9.6	20.2
Sheffield Insuls	85	-25	181	85	30.6	8.5	8.1
■Spring Ram th	137	-1	155	82½	457.5	0.2	25.2
■Starmin H	14	+¼	22	13¾	48.4	2.9	20.0
■Steetley ◆	351	-1	434	252	549.4	5.3	18.1
■Tarmac	114	+1	283	95	881.1	13.2	12.8
♣Tilton	60	—	98	40	9.85	5.1	◆
■Travis Perkins	176	—	251	175	178.8	8.1	22.6
♣Tudor ‡	33	—	33	22	1.87	‡	9.3
Ward Group ‡	88	—	200	88	22.8	‡	3.9
■Wickes tg	58	—	75	27	142.8	‡	—
■Wilshaw	8½	—	11¾	4¾	8.69	4.7	13.9
■Wolseley	377	—	432	290	889.1	4.3	17.0
Worcester †	138	—	158	87½	32.9	3.8	18.8

BUSINESS SERVICES

Notes	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
■ADT $	398	+23	1218	280	434.8	26.1	2.8
AFP	59	—	73	35	231.6	—	—
♣ASB Group	9	—	26	6	2.89	—	—

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING AEROSPACE

[illegible]

ENGINEERING GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1991/92 High	Low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]								

MISCELLANEOUS - Cont.

	Notes	Price	+or -	1991/92 High	Low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

OIL & GAS - Cont.

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

MINES - Cont.

[illegible]

MEDIA

[illegible]

OTHER FINANCIAL

[illegible]

PROPERTY

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

MOTORS

[illegible]

TRANSPORT

[illegible]

MERCHANT BANKS

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

WATER

[illegible]

OIL & GAS

[illegible]

SOUTH AFRICANS

[illegible]

METALS & METAL FORMING

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

STORES

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MISCELLANEOUS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
k Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment.
E Minimum tender price.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1990.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1989-90.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak; inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Fixed Int. Dep. Acc.	327.7	345.0	+0.1	-
Equity Acc.	1012.0	1065.3	+11.0	-
Property Acc.	488.9	514.7	+0.1	-
Far East Acc.	194.6	204.9	+1.2	-
European Acc.	25.8	27.2	+0.5	-
Managed Cap.	415.2	437.1	+4.0	-
Managed Acc.	794.7	836.6	+7.6	-
O'seas Earnings Acc.	705.0	742.2	+8.3	-
Gilt Edged Acc.	375.8	395.6	+0.1	-
American Equity Acc.	546.9	575.7	+7.7	-
American Man. Acc.	242.0	254.8	+3.2	-
American Prop Acc.	117.4	123.6	+0.8	-
High Income Acc.	23.4	24.7	+0.2	-
Gen 4				
Fixed Int Dep Acc.	27.2	28.7	.....	-
Equity Acc.	26.5	27.9	+0.3	-
Property Acc.	23.3	24.6	.....	-
Far East Acc.	22.6	23.8	+0.1	-
European Acc.	21.7	22.9	+0.4	-
Managed Acc.	26.6	28.0	+0.2	-
Overseas Acc.	27.2	28.7	+0.3	-
Gilt Acc.	29.1	30.7	.....	-
Am Equity Acc.	27.0	28.5	+0.4	-
Am Managed Acc.	26.2	27.6	+0.4	-
Am Property Acc.	20.3	21.4	+0.1	-
High Income Acc.	23.4	24.7	+0.2	-
High Income Ser 2	23.4	24.7	+0.3	-
Pension Funds				
F.I.Dep.Cap.	361.6	380.7	+0.1	-
F.I.Dep.Acc.	678.0	713.7	+0.2	-
Prop. Cap.	506.3	533.0	+0.1	-
Prop. Acc.	1050.0	1105.3	+0.4	-
Man. Cap.	869.4	915.2	+10.1	-
Man. Acc.	1803.0	1897.9	+21.1	-
Gilt Edged Cap.	368.1	387.5	+0.1	-
Gilt Edg. Acc.	622.5	655.3	+0.3	-
Eq. Cap.	1411.1	1485.4	+18.8	-
Eq. Acc.	2216.2	2332.9	+29.9	-
Am. Eq Cap.	197.1	207.5	+3.6	-
Am. Eq Acc.	260.3	274.1	+4.7	-
Far East Cap.	202.2	212.9	+2.1	-
Far East Acc.	267.2	281.3	+2.8	-
Euro Cap.	30.0	31.6	+0.7	-
Euro. Acc.	35.6	37.5	+0.7	-
B.S. Cap.	422.4	444.6	+0.1	-
B.S. Acc.	769.6	808.1	+0.3	-

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Far East Emerg Econ.	36.7	38.6	-4.5	-
Fund of Inv Tsts.	56.4	59.3	-2.2	-
Money	156.6	164.5	+6.7	-
Special Situations	82.2	86.5	-0.5	-
UK Growth	124.6	130.8	+0.4	-
World Growth	120.2	126.2	+4.5	-
Pension Funds				
Fund of Inv Tsts.	126.6	133.0	-4.0	-
Special Situations	121.6	127.7	.....	-
UK Growth	208.0	218.4	+1.9	-
World Growth	148.7	156.1	+6.1	-
UK Life Assurance				
Managed	102.5	107.9	+1.7	-
Property	116.9	123.1	-20.4	-
Equity	133.4	140.4	+2.8	-
International	89.4	94.1	+1.7	-
Fixed Interest	130.3	137.2	+16.1	-
Deposit	138.8	146.1	+8.9	-
Langham 'A' Plan	105.8	111.3	-	-
Langham Prop Bond	609.8	641.8	.....	-
Langham Wisp Managed	159.6	168.0	.....	-
Pension Funds				
Managed Capital	75.1	79.1	+6.3	-
Managed Accum.	105.1	110.7	-1.9	-
Property Capital	87.9	92.5	-13.5	-
Property Accum.	122.9	129.3	-34.2	-
Equity Capital	101.5	106.8	+10.4	-
Equity Accum.	142.0	149.5	+0.6	-
Intl Capital	62.2	65.5	+5.8	-
Intl Accum.	86.9	91.5	-0.7	-
Fxd Int Capital	103.9	109.4	+21.2	-
Fxd Int Accum.	145.2	152.9	+16.8	-
Deposit Capital	120.2	126.5	+17.3	-
Deposit Accum.	120.2	126.5	-42.9	-
Langham Harvest	276.4	290.9	.....	-

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Corporate Pension Funds

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd - Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

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CMI Insurance Co Ltd

Eagle Star Intl Life

Equitable Life (International)

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finexco International Ltd

Manulife Prolific International

Hansard International Ltd.

Isle of Man Assurance Ltd

NEL Britannia International Ltd

PanEuroLife

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

C F S Financial Mgmt

Capital Trust Financial Management

Chase de Vere PLC

Edinburgh Money Management Ltd

Falcon Financial Services Ltd

IPS Capital Management PLC

Johnson Fry Asset Managers Plc

Knight Williams & Company Ltd

Knight Williams & Company Ltd - Contd.

Macartney & Dowie Invest Mgmt Plc

Northern Rhoo & Partners

PBR Fund Management Ltd

Shore (Allan) Financial Services Ltd

Sitals Fund Management Limited

Squirrel Asset Management Ltd

J. D. Ward Financial Services Ltd

Charles Stanley & Co Ltd

Tyndall Investment Mgmt. Ltd

Tracey Law & Co

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Newport Investment Management

Orion Fund Limited

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Target International Group

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pressure remains on sterling

Sterling remained very close to its lowest permitted limit within the European exchange rate mechanism yesterday, trading just above a floor of around DM2.83.

However, the UK currency was steady for most of the day against the D-Mark, suggesting that traders were unwilling to risk being caught by concerted central bank intervention and were not ready to push sterling through its floor within the ERM.

Having closed on Wednesday in *London at DM2.8350, sterling* moved lower still in New York and Far Eastern trading, for a time dipping below DM2.83. However, trading of sterling against the D-Mark is very limited outside of European markets and the weakness was attributed to the movement of both currencies against the dollar.

By the European opening, the UK currency had recovered ground to trade at DM2.8385 by mid-morning. During the afternoon session this level was maintained until a bout of weakness just minutes before the close took it down to DM2.8300.

However, this was short-lived and the UK currency had soon recovered to DM2.8340 in New York trading.

The dollar continued to gain ground on the D-Mark and the yen, gaining 2 pfennigs in Tokyo trading to close there at DM1.5275 and Y124.65. Analysts said that the recovery in the fortunes of the dollar was due to traders covering short positions built up earlier in the week.

The rise of the dollar was also boost by automatic stop-loss trading programmes which caused buying of the US currency once it had broken through DM1.52.

In European trading the firm tone continued, and the dollar *closed at DM1.5475 and Y125.45* in London close to the highest rates of the day.

US producer price statistics for December were seen as neutral for the US currency. An index of the main prices fell by 0.2 per cent during the month, in line with most forecasts. The index fell by 0.1 per cent during the whole of 1991, against a rise of 5.7 per cent during 1990.

Today, non-farm employment statistics for Decemnber are scheduled for release. In recent months a poor employment figure has been the spur for monetary easing.

Analysts are expecting an increase in unemployment of between 30,000 and 100,000 for the month. A larger figure, combined with the weak inflation statistics released yesterday, will be seen as increasing the chances of a cut in US interest rates. This could undermine the recovery of the *US currency over the past two* days.

Elsewhere, the Australian dollar came under selling pressure following a 1 percentage point cut in interest rates to 7.5 per cent on Wednesday. The Australian currency fell to $0.7437 against the dollar, from around $0.7560 on Wednesday, prompting intervention by the US and Australian central banks.

£ IN NEW YORK

Jan.9	Latest	Previous Close
£ Spot	1.8140-1.8150	1.8787-1.8797
1 month	1.02-1.01pm	1.05-1.03pm
3 months	2.96-2.93pm	3.06-3.04pm
12 months	10.55-10.45p	11.07-10.97p

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

	£	$
Korea(Sth)	1417.35 - 1440.20	757.10 - 766.10
Kuwait	0.53300 - 0.53350	0.28430 - 0.28460
Luxembourg	58.20 - 58.30	31.80 - 31.90
Malaysia	5.0055 - 5.0140	2.7045 - 2.7065
Mexico	5650.25 - 5702.60	3070.00 - 3075.00
N Zealand	3.3955 - 3.4015	1.8335 - 1.8365
Saudi Ar	6.9395 - 6.9525	3.7495 - 3.7505
Singapore	3.0070 - 3.0145	1.6255 - 1.6275
S.Af (Cm)	5.0845 - 5.0965	2.7470 - 2.7500
S.Af (Fn)	5.7875 - 5.8795	3.1250 - 3.1745
Taiwan	47.60 - 47.70	25.70 - 25.75
U.A.E.	6.7765 - 6.7990	3.6715 - 3.6735

*Floating rate. Official rate. £-119.20 $-64.00

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.806	-2.86	6.00	49
Belgian Franc	42.4032	41.9377	-1.10	4.11	43
Dutch Guilder	2.31643	2.29299	-1.01	4.02	39
D-Mark	2.05586	2.03579	-0.98	3.98	49
Irish Punt	0.767417	0.766492	-0.12	3.09	-4
Italian Lira	1538.24	1539.76	0.10	2.86	-15
French Franc	6.89509	6.95267	0.84	2.11	-57
Danish Krone	7.84195	7.91548	0.94	2.01	-52
Sterling	0.696904	0.717562	2.96	0.00	-98

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8280 - 1.8705	1.8280 - 1.8290	1.03-1.10cpm	6.99	2.96-2.93pm	6.44

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

Jan 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10 - 9¾	10¼ - 10	10 13/16 - 10 11/16	10⅝ - 10½	10½ - 10⅜	10⅜ - 10¼
US Dollar	4⅛ - 4	4⅛ - 3⅞	4⅛ - 3⅞	4 - 3⅞	4 - 3⅞	4½ - 4⅜
Can. Dollar	8¾ - 8½	8¼ - 8	7⅝ - 7⅜	7¼ - 7	6⅞ - 6¾	6⅞ - 6¾
Dutch Guilder	10 - 9¾	10 - 9¾	9⅞ - 9¾	9⅞ - 9¾	9¾ - 9⅝	9⅝ - 9½
Swiss Franc	7 - 6¾	7¾ - 7½	7⅞ - 7¾	8 - 7⅞	7⅞ - 7¾	7⅞ - 7¾
D-Mark	9½ - 9¼	9¾ - 9⅝	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10¼ - 9⅞	10¼ - 9⅞	10 - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅝ - 9⅝
Italian Lira	12 - 10	12 - 11½	12 - 11½	12 - 11½	12 - 11½	12 - 11½
Belgian Franc	9⅜ - 9⅛	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9¼ - 9⅛
Yen	5½ - 5⅜	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	4⅞ - 4¾
Danish Krone	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
Asian $Sing	3½ - 3¼	2¾ - 2⅝	2¾ - 2⅝	2¾ - 2⅝	3 - 2¾	3⅝ - 3½

Long term Eurodollars: two years 4⅞-4¾ per cent; three years 5½-5⅜ per cent; four years 6-5⅞ per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.9	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.829	2.830	229.5	9.655	2.528	3.185	2139	2.107	58.25	1.390
$	0.547	1	1.547	125.5	5.279	1.382	1.741	1169	1.152	31.85	0.760
DM	0.353	0.646	1	81.10	3.412	0.893	1.125	755.8	0.745	20.58	0.491
YEN	4.357	7.969	12.33	1000.	42.07	11.02	13.88	9320	9.181	253.8	6.057
F Fr.	1.036	1.894	2.931	237.7	10.	2.618	3.299	2215	2.182	60.33	1.440
S Fr.	0.396	0.723	1.119	90.78	3.819	1	1.260	846.1	0.833	23.04	0.550
N Fl.	0.314	0.574	0.889	72.06	3.031	0.794	1	671.6	0.662	18.29	0.436
Lira	0.468	0.855	1.323	107.3	4.514	1.182	1.489	1000.	0.985	27.23	0.650
C $	0.475	0.868	1.343	108.9	4.582	1.200	1.512	1015	1	27.65	0.660
B Fr.	1.717	3.140	4.858	394.0	16.58	4.340	5.468	3672	3.617	100.	2.386
Ecu	0.719	1.316	2.036	165.1	6.946	1.819	2.291	1539	1.516	41.91	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.32	92.35	92.19	92.19
Jun	92.64	92.65	92.50	92.50
Sep	92.84	92.84	92.72	92.70
Dec	92.95	92.95	92.82	92.80

Estimated volume 10429 (9912)
Previous day's open int. 23420 (22873)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2542.0	2549.0	2506.0	2502.0
Jun	2575.5			2536.0
Sep				

Estimated volume 7137 (10628)
Previous day's open int. 34049 (34437)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1112.5			1102.0
Jun				

Estimated volume 0 (0)
Previous day's open int. 137 (137)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8285	1.8183	1.7991	1.7718	1.7230

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
107	2.03	-	-	0.17	-	-
108	1.26	-	-	0.37	0.51	-
109	0.67	1.67	-	0.77	-	-
Open int.	125,903	16,518	450	89,316	13,402	250

Estimated volume 35,568 Total Open Interest 245,899

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	*First National Bank Plc.*	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unitbank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

UK rates softer

The Bank of England moved early to relieve pressure in the UK money market yesterday, resulting in sharply lower rates despite continued pressure on sterling on the foreign exchange markets.

The bank forecast a liquity shortage of £1.45bn early in the day, later revised to £1.5bn, larger that recent shortages due to an expiring repurchase agreement.

However, the Bank of England quickly moved to relieve the squeeze with an early round of assistance totalling £1.359bn.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

In a new repurchase agreement, £830m band 4 bills were purchased for re-sale to the market on January 20 at 10 1/16 per cent.

In addition, it purchased *outright band 1 bank and* treasury bills at 10⅜ per cent, band 3 LA and bank bills at 10 1/32 per cent and band 4 bank bills at 10⅜ per cent. Later in the morning session, the remaining shortage was taken care of with further purchases of band 1 bank and treasury bills at 10⅜ per cent, totalling £150m.

As conditions eased, overnight unsecured money *rates came down, trading at* 9¾ - ½ per cent during the morning session and as low as 6 per cent in the afternoon.

By the close overnight rates were around 10 - 9¾ per cent, against 10¾ - ⅝ per cent on Wednesday.

The key three-month interbank money rate closed at 10⅝ - ½ per cent from 10¾ - 9/16 per cent on Wednesday.

The March short sterling futures contract on the London International Financial Futures Exchange traded up close at 89.53, the days high, against 89.38 on Wednesday. This level implies base rates of 10.47 per cent by the spring, from a current level of 10.5 per cent.

Money market conditions in Tokyo remained very tight in the face of a Y740bn liquidity shortage and banking reserves well below target. Rates traded up to 6¾ per cent during the day before settling back to 5⅓ per cent by the close, up 1/16 per cent from Wednesday's levels.

Having squeezed rates higher for most of this week, the Bank of Japan had to relieve the liquidity shortage, lending Y400bn to to City banks during the day to reduce their demand for interbank funding. In addition, the Bank of Japan set a Y600bn repurchase agreement which expires on February 4 and a Y300bn pact which ends on February 12.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.9) 3 months US dollars		6 months US Dollars	
bid 3⅞	offer 4	bid 3⅞	offer 4

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
		One month	4.18	Three year	5.00
		Two month	3.78	Four year	-
Prime rate	6½	Three month	3.82	Five year	5.95
Broker loan rate	6	Six month	3.90	Seven year	6.43
Fed.funds	4 1/16	One year	3.97	10-year	6.73
Fed.funds at intervention	-	Two year	4.65	30-year	7.39

Jan.9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.40-9.50	9.45-9.55	9.45-9.55	9.45-9.55	9.40-9.55	9.75
Paris	10-10⅛	9 15/16-10 1/16	9 15/16-10 1/16	9 15/16-10 1/16	9 13/16-9 15/16	9.60
Zurich	6¾-7¼	7¾-8	-	7¾-8	-	-
Amsterdam	10.06-.18	9.75-9.90	-	9.65-9.80	-	-
Tokyo	5⅜-6⅛	5⅝-5 11/16	-	-	-	-
Milan	12¼-12½	12¼-12⅝	-	12 1/16-12½	-	-
Brussels	9.31-9.44	9⅝-9⅞	-	9⅝-9⅞	-	-
Dublin	10⅜-10 11/16	10⅝-10 13/16	10½-10⅝	10⅝-10¾	10⅝-10⅞	-

LONDON MONEY RATES

Jan 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅞	10½	10⅝	10 11/16	10 9/16	10 9/16
Interbank Bid	6	10	10⅜	10 7/16	10½	10½
Sterling CDs	-	-	10⅝	10 9/16	10 9/16	10⅝
Local Authority Deps.	9⅞	10	10½	10 9/16	10½	10½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¼	10⅜	-	-	-	-
Company Deposits	-	-	10⅝	10⅝	10⅝	10⅝
Finance House Deposits	-	-	10⅝	10 11/16	10¾	10¾
Treasury Bills (Buy)	-	-	10 9/16	10⅜	9 15/16	-
Bank Bills (Buy)	-	-	10 17/32	10⅛	10	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.00	3.95	3.95	4.08
SDR Linked Dep. Offer	-	-	7	6⅞	6⅞	6 13/16
SDR Linked Dep. Bid	-	-	6⅞	6¾	6¾	6 11/16
ECU Linked Dep. Offer	-	-	10 5/16	10¼	10⅛	10¼
ECU Linked Dep. Bid	-	-	10 3/16	10⅛	10¼	10

Treasury Bills (sell): one-month 10 1/16 per cent; three months 10 per cent; six months 9 13/16 per cent; Bank Bills (sell): one-month 10 7/32 per cent; three months 10 1/32 per cent; Treasury Bills; Average tender rate of discount 10.0676 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1991. Agreed rates for period Jan.25, 1992 to February 25, 1992, Scheme I: 11.80 p.c., Schemes II & III: 12.06 p.c. Reference rate for period Nov 30, 1991 to December 31, 1991, Scheme IV&V: 10.812 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from January 1, 1992. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

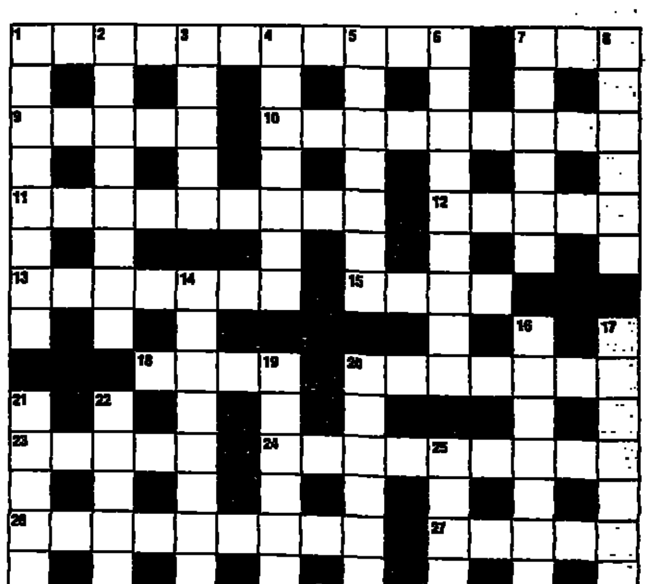
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,743 Set by HIGHLANDER



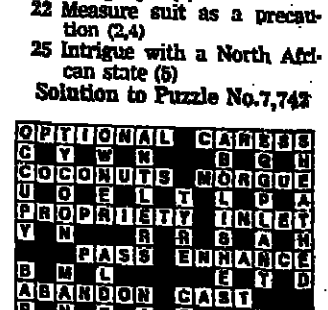
ACROSS

1 Popular spot to meet pedestrian (11)
7 Whippet (3)
9 Close on *time in the evening* (5)
10 Anger has broken out in the company (9)
11 Passes over painting, turns to poetry (9)
12 The rest of the fish (5)
13 No bridge partners lead without a break (7)
15 Haggard heroine died in shelter (4)
18 Even the accommodation is dull (4)
20 Worker gets rise and makes a pile (7)
23 Championship match in Dubai in which Indian boxed (5)
24 Collecting labels with a Greek character recently (9)
26 Put up with one – more than one is boring (9)
27 One writer backs the African antelope (5)
28 Regret making bloomer (3)
29 Land near the evolution of primitive man (11)

DOWN

1 Regular can't go without, by the way (8)
2 Motorway texture – engineer's headache (8)
3 Not conscious about *being* improper (5)
4 Force top class to take piano exercise (5-2)
5 Constable and Sergeant say the knack is to catch street performers (7)
6 Provide soldiers with last of present supplies (9)
7 Presides over furniture (6)
8 Start getting canines off the peg first (6)
14 Rule with Latin translation of the earth (9)
16 Piece of meat is hard and disagreeable (8)
17 To settle the account accept pound for poster (8)
19 A firm one rises after milk *pudding* (7)
20 It produces strong scent and is a necessity outside (7)
21 Bath – a collection of useless people (6)
22 Measure suit as a precaution (2,4)
25 Intrigue with a North African state (5)

Solution to Puzzle No.7,742



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Jan 8	Jan 7	Jan 6	Jan 3	1991/92 HIGH	1991/92 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3203.94	3204.83	3200.13	3201.48	3204.83 (7/1/92)	2470.30 (9/1/91)	3204.83 (7/1/92)	41.22 (2/7/32)
Home Bonds	99.38	99.46	99.20	99.13	99.46 (7/1/92)	91.30 (16/1/91)	99.46 (7/1/92)	54.99 (1/10/81)
Transport	1380.42	1383.03	1365.47	1350.71	1383.03 (7/1/92)	894.30 (7/1/91)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	221.64	221.83	223.02	225.59	225.59 (3/1/92)	195.17 (10/7/91)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3245.53 (3224.73) Low 3164.58 (3165.25)

STANDARD AND POOR'S

	Jan 8	Jan 7	Jan 6	Jan 3	1991/92 HIGH	1991/92 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	418.10	417.40	417.96	419.34	419.34 (3/1/92)	311.49 (9/1/91)	419.34 (3/1/92)	4.40 (1/6/32)
Industrials	494.37	493.46	494.06	495.78	495.78 (3/1/92)	364.90 (9/1/91)	495.78 (3/1/92)	3.62 (21/6/32)
Financial	34.55	34.40	34.40	34.24	34.55 (8/1/92)	21.96 (9/1/91)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	230.23	229.69	229.85	230.35	230.35 (3/1/92)	170.97 (9/1/91)	230.35 (3/1/92)	4.46 (25/4/42)
Amex Mkt. Value	403.48	401.71	399.27	398.83	403.48 (8/1/92)	296.72 (14/1/91)	403.48 (8/1/92)	29.31 (9/12/72)
NASDAQ Composite	610.32	602.29	597.90	592.65	610.32 (8/1/92)	355.75 (14/1/91)	610.32 (8/1/92)	54.87 (31/10/72)

	Jan 3	Dec 27	Dec 20	year ago (approx.)
Dow Industrial Div. Yield	2.90	2.99	3.13	4.02

	Dec 31	Dec 24	Dec 18	year ago (approx.)
S & P Industrial div. yield	2.55	2.68	2.78	3.31
S & P Indl. P/E ratio	25.35	24.21	23.24	15.92

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
RJR Nabisco	9,333,700	11½	+ ½
Glaxo	5,832,300	33¼	- ¼
Pepsico	3,754,600	35⅛	+ 1¼
Hanson	3,654,600	19	- ⅜
Advanced Micro	3,380,200	19⅛	- ¼
Amer T & T	2,957,600	41	....
Upjohn	2,925,600	44⅝	+ ⅞
Philip Morris	2,449,800	80⅛	+ ⅜
IBM	2,425,500	92½	- 2⅛
Syntex	2,408,200	52¼	+ 2⅛

TRADING ACTIVITY

† Volume Millions	Jan 8	Jan 7	Jan 6
New York SE	289.690	251.280	241.980
Amex	21.727	19.536	19.033
NASDAQ	280.145	252.252	237.723
NYSE			
Issues Traded	2,205	2,235	2,233
Rises	1,070	919	1,048
Falls	718	873	791
Unchanged	417	443	394
New Highs	250	189	226
New Lows	8	6	3

CANADA

TORONTO	Jan 8	Jan 7	Jan 6	Jan 3	1991/92 HIGH	1991/92 LOW
Metals & Minerals	2939.33	2937.61	2943.65	2982.27	3299.99 (18/7/91)	2632.06 (9/1/91)
Composite	3515.64	3512.90	3524.77	3517.47	3604.09 (12/11/91)	3161.95 (15/1/91)
MONTREAL Portfolio	1864.31	1860.24	1865.08	1866.44	1907.35 (12/11/91)	1686.89 (9/1/91)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 9	Jan 8	Jan 7	Jan 6	1991/92 HIGH	1991/92 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1662.0	1663.4	1667.7	1675.1	1696.3 (8/11/91)	1204.5 (16/1/91)
All Mining (1/1/80)	665.7	667.3	669.2	673.8	787.2 (24/7/91)	561.6 (16/1/91)
AUSTRIA						
Credit Aktien (30/12/84)	383.46	381.76	385.25	(c)	534.81 (16/4/91)	372.24 (2/1/92)
BELGIUM						
BEL20 (1/1/91)	1100.94	1097.23	1106.81	1104.53	1212.15 (17/4/91)	917.59 (17/1/91)
DENMARK						
Copenhagen SE (3/1/83)	357.62	357.23	358.66	357.34	380.04 (2/8/91)	302.26 (8/1/91)
FINLAND						
HEX General (28/12/90)	811.9	799.6	792.0	(c)	1186.9 (8/4/91)	765.2 (23/12/91)
FRANCE						
CAC General (31/12/82)	485.59	479.77	484.10	485.53	503.51 (15/11/91)	394.88 (15/1/91)
CAC 40 (31/12/87)	1833.86	1785.64	1778.73	1787.57	1887.29 (1/10/91)	1425.36 (15/1/91)
GERMANY						
FAZ Aktien (31/12/58)	645.35	643.26	648.88	652.60	717.43 (17/6/91)	570.48 (15/1/91)
Commerzbank (1/12/53)	1819.3	1813.8	1830.2	1840.4	2095.2 (31/5/91)	1612.5 (15/1/91)
DAX (30/12/87)	1589.76	1578.73	1592.45	1603.32	1715.88 (11/6/91)	1311.82 (16/1/91)
HONG KONG						
Hang Seng Bank (31/7/64)	4334.54	4337.67	4347.93	4306.97	4347.93 (7/1/92)	2984.01 (16/1/91)
IRELAND						
ISEQ Overall (4/1/88)	1397.50	1391.49	1398.87	1404.58	1520.65 (15/3/91)	1114.86 (25/1/91)
ITALY						
Banca Com. Ital. (1972)	523.52	516.96	514.29	(c)	619.38 (3/6/91)	482.89 (10/12/91)
JAPAN						
Nikkei (16/5/49)	23113.64	22715.00	23566.39	23801.18	27146.91 (18/3/91)	21456.76 (19/8/91)
Tokyo SE (Topix) (4/1/68)	1699.41	1693.39	1746.67	1763.43	2028.85 (18/3/91)	1625.00 (17/1/91)
2nd Section (4/1/68)	2422.58	2437.14	2457.78	2459.85	3423.45 (10/5/91)	2422.50 (9/1/92)
MALAYSIA						
KLSE Composite (4/4/86)	552.37	553.48	556.66	557.34	635.02 (29/5/91)	470.41 (16/1/91)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	277.5	274.0	275.3	277.5	284.8 (5/6/91)	221.4 (16/1/91)
CBS All Shr (End 1983)	194.9	192.4	193.4	194.9	203.1 (5/6/91)	162.3 (16/1/91)
NORWAY						
Oslo SE (Ind) (2/1/83)	691.35	684.87	696.47	700.09	793.53 (26/8/91)	595.77 (2/12/91)
PHILIPPINES						
Manila Comp (2/1/85)	1208.09	1227.39	1241.48	1231.24	1241.48 (7/1/92)	582.64 (18/1/91)
SINGAPORE						
SES All-Singapore (2/4/75)	407.37	408.55	408.69	407.81	422.43 (26/4/91)	315.07 (16/1/91)
SOUTH AFRICA						
JSE Gold (28/9/78)	1225.0&	1199.0	1163.0	1148.0	1469.0 (5/7/91)	971.0 (25/2/91)
JSE Industrial (28/9/78)	4376.0&	4309.0	4274.0	4256.0	4376.0 (9/1/92)	2829.0 (16/1/91)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	637.11	625.85	645.27	650.10	763.10 (6/8/91)	586.51 (23/12/91)
SPAIN						
Madrid SE (30/12/85)	253.21	248.38	246.68	(c)	289.22 (18/3/91)	213.70 (14/1/91)
SWEDEN						
Affarsvariden Gen. (1/2/37)	946.2	928.4	928.3	(c)	1149.8 (11/7/91)	808.4 (8/1/91)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	758.7	748.5	750.1	754.6	769.3 (14/11/91)	590.4 (14/1/91)
SBC General (1/4/87)	612.2	601.1	603.0	607.2	638.0 (31/5/91)	487.1 (14/1/91)
TAIWAN**						
Weighted Price (30/6/66)	4803.51	4772.61	4718.81	4692.17	6305.22 (9/5/91)	3316.26 (15/1/91)
THAILAND						
Bangkok SET (30/4/75)	725.70	723.96	728.93	719.50	908.13 (19/4/91)	582.48 (16/1/91)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	537.5*	535.3	542.1	541.5	542.1 (7/1/92)	439.1 (16/1/91)

** Saturday January 4: Taiwan Weighted Price: (c); Korea Comp Ex. (c).
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday, 9 January 1992

	Stocks Traded	Closing Prices	Change on day
Shimadzu	4.6m	786	+40
Tokyo Rope	4.2m	1,020	+82
Aoki Corp	3.7m	747	+25
Penta-Ocean	3.1m	1,080	+30
Nippon Piston	2.7m	786	+100
Toyo Ink	2.7m	911	+41
Nippon Steel	2.0m	370	-5
Hitachi	1.9m	914	+3
Kyosan Electric	1.9m	1,040	+84
Nippon Carbon	1.9m	2,070	+140

3:00 pm prices January 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	3.6	14	421	13½	13	13¼	
24¼	14½	A L Labs A	0.16	0.6	28	1340	u26	24⅛	25¾	+1½
60	40⅞	AMP Inc	1.44	2.4	24	1532	u60⅝	60	60½	+½
71	44¼	AMR			13	1824	u74⅛	69½	71	−2⅛
2⅝	1	ARX			1	162	1⅝	1½	1⅝	+⅛
56	41½	ASA	3.00	6.0	14	2404	50½	47⅞	49⅞	+2½
68½	39¼	Abbott Lab x	1.00	1.5	26	3747	67⅛	66	66⅞	−⅛
14⅝	9⅞	Abitibi Pr x	0.50	4.0	18	2	12⅛	12¼	12½	+⅛
11⅝	10⅛	ACM Gvt In x	0.72	6.3		353	11⅜	11¼	11⅜	+⅛
9¾	8⅞	ACM GvOpp x	1.01	10.1		271	u10⅛	10	10	
9½	8¾	ACM Gvt Sp x	0.17	1.8		140	9⅜	9¼	9⅜	
11	9⅞	ACM Gvt Se	1.26	11.6		600	u11	10⅞	10⅞	
9⅝	7⅝	ACM Man x	0.47	5.3		271	9	8⅞	8⅞	−⅛
12⅞	11½	ACM Managd	1.35	10.6		244	12¾	12⅝	12¾	+⅛
7½	4¾	Acme Cleve	0.40	5.2	17	301	u8½	7⅝	7¾	−¼
6	3⅜	Acme Elect			3	3	4⅜	4⅜	4⅜	
40	22⅞	Acuson			20	2190	32½	31⅛	32	
20¼	14¼	Adams Expr	1.63	8.5	0	80	19¼	19	19¼	+⅛
20⅛	12⅞	Adobe12Pf	2.40	17.8		20	13½	13⅜	13½	+⅛
9¾	3⅞	Adobe Res			44	919	4½	4½	4½	
43	18	Ad Micro				1330	u45½	43½	44⅛	+⅛
17¼	4⅝	Ad Micro P	3.00	15.8	94	6357	u20¼	18	19	−⅛
5⅛	2¼	Advest Grp	0.16	2.5	9	587	u6⅝	5⅞	6⅜	+⅜
49⅛	31⅞	Aetna Lf x	2.76	6.2	84	142	44½	43⅛	44⅛	+⅞
10⅝	6⅜	Ahl A x	0.24	2.8	65	1115	9½	9¼	9⅜	
0	0	Aflac				5323	u32¾	32⅛	32½	+⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
52¼	43¾	Xerox4.125				4	51	51	52	+1
25¼	14⅛	Xtra 1.94				238	u25¾	25	25½	+¼
29¾	14¼	Xtra Corp	0.72	2.4	14	289	u30¼	29⅞	29⅞	+¾
27⅞	21⅞	Yankee Egy	1.60	6.2	12	44	25⅝	25¼	25⅝	+⅛
1½	⅞	Zapata			66	100	⅞	[illegible]	[illegible]	
9⅝	5¾	ZenithElec			2	863	8½	7⅞	7⅞	−⅝
18½	12	Zenith Nat x	1.00	6.2	135	17	16⅝	16¼	16¼	
6⅝	4½	Zenix Inc	0.84	13.2		50	u6⅜	6¼	6⅜	+⅛
15⅛	10	Zero Corp	0.40	3.6	14	194	11⅜	11¼	11¼	−⅛
41⅛	29½	Zurn Ind	0.88	2.4	15	146	36⅜	36⅛	36¾	+⅛
13⅞	10¼	Zweig Fund x	1.16	8.3		217	u14⅛	13⅞	14	+⅛
10¾	8½	Zweig Totl r	0.96	8.7		764	u11	10⅞	11	+⅛

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Sales figures are unofficial. Yearly highs and lows currently reflect the whole of 1991: highs and lows for 1992 will be shown with effect from Jan 16. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices January 9

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Olsten	0.24	37	241	24¾	24	24½	+⅛
OMI Corp	0.14	9	380	8½	8⅛	8½	
Pall Corp x	0.20	33	1440	u31	29¾	30⅜	+⅛
Pegasus G	0.10	7	1584	12⅝	12	12½	+½
Perini		8	58	12⅞	12½	12¾	−⅛
Pet Ht&P	0.31	7	10	11	10⅞	10⅞	+¼
Phil LD	0.18	14	885	u34⅞	33⅞	34⅞	+1

NASDAQ NATIONAL MARKET

3:00 pm prices January 9

FINANCIAL TIMES

Friday January 10 1992

AMERICA

Inflation news elevates the Dow

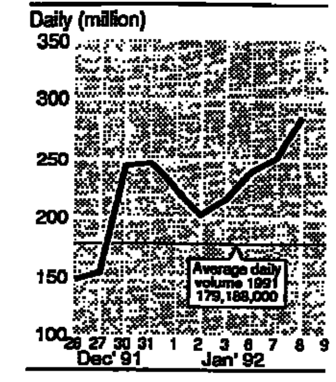
Wall Street

BUOYED up by more good news on inflation which raised hopes for further interest rate cuts, US stock prices rose toward new closing highs yesterday morning, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 7.60 at 3,211.54. The more broadly based Standard & Poor's 500 was also higher at midsession, up 0.21 at 418.31, while the Nasdaq composite index of over-the-counter stocks continued its stellar performance, soaring 9.24 to 619.56. Turnover on the NYSE was 183m shares at 1 pm.

News that producer prices fell 0.2 per cent in December provided an early tonic for the market. Evidence that inflation is no longer a threat, at least for the medium term, boosted hopes among investors that the Federal Reserve would ease monetary policy one more time.

NYSE volume



Intense activity in the over-the-counter market showed no signs of abating, with turnover heading for record levels as investors scrambled to buy smaller, fast-growth companies in anticipation of a recovery in the economy by mid-year.

AMR, parent group of American Airlines, fell $2¾ to $70½ after the company signalled its intention to sell up to 5m shares (4m in the US and 1m overseas) to raise money for working capital. Other big airline stocks, which have been at the forefront of the market's recent rally, also fell. UAL slipped $3 to $150, USAir dropped $⅝ to $13¾ and Delta gave up $1½ at $69½.

Profit-taking also took its toll of JP Morgan, which fell $2 to $68 in spite of reporting strong fourth quarter earnings of $269m, up 41 per cent on the year. The stock reached an all-time high of just over $70 this week, so some sort of downward reaction was understandable. Citicorp held firm at $10½ after announcing the sale of a stake in Saudi American Bank worth between $330m and $450m.

Time Warner climbed $3⅝ to $94⅝ as investors reacted positively to the news that the entertainment group's Warner Bros film subsidiary had 13.9 per cent of the domestic box office in 1991, the largest share of any movie studio.

Recent winners featured in the over-the-counter rally, with Microsoft gaining $4 at $128¼, Apple advancing $1 to $61½, and Intel rising $1¾ to $54. A rare OTC loser was Adobe Systems, which slumped $3⅝ to $62¼ on disappointing fourth quarter profits.

Canada

TORONTO was lifted by a jump in gold prices, and a feeling that Canadian equities will outperform their US counterparts this year. The TSE-300 jumped 41.86 to 3,559.20 in 25.8m shares, advances outstripping declines by 295 to 190.

Comex gold futures in New York climbed from about $352.20 ounce to $356.30. The gold index rose 155.52 to 4,744.30, Lac Minerals rising C$¼ to C$9, Placer Dome C$½ to C$11¼ and American Barrick C$1 to C$30¼.

Interest rate-sensitive shares were also strong with Toronto-Dominion Bank up C$⅜ to C$18⅝ and Royal Bank C$¼ to C$28¼.

Seoul finally lets the foreigners in

But tight liquidity has caused some frustration, says John Ridding

Since the start of this year, and after a prolonged wait, foreigners have been allowed to invest directly in the Korean stock market.

But for many, the liberalisation of Asia's fourth-largest stock market has been frustrating so far.

"Foreigners have been faced with very tight liquidity and great difficulty in executing orders," says Mr Philip Smiley of Jardine Fleming, one of two foreign companies which have been approved to trade Korean shares. Mr Duncan Ross, manager of Baring Securities' Seoul branch, says that on most days less than 10 per cent of orders have been executed.

Liberalisation has, however, added some vigour to one of Asia's worst performers. Yesterday the index stood at 637.1, up 4.5 per cent so far this year. But the market still languishes more than 35 per cent below its 1989 peak of 1,008.

There are two reasons for the tight liquidity. On the one hand, the strength of foreign demand has caused many shares to rise by the maximum daily amount – generally about a 5 per cent increase in the share price. Faced with such strong demand, and in the expectation of further price rises, the number of sellers has been limited.

At the same time, the limited nature of the market's opening has also caused bottlenecks. Almost 50 of the shares on the market have reached the limits allowed for foreign ownership – about 10 per cent of a company's outstanding shares.

There has been some improvement. The fall in the market after the first few days of trading has eased the pressure and the volume of orders executed has correspondingly risen.

Whereas just Won6.87bn of foreign orders were concluded successfully on the first day of trading, daily executions are now in excess of Won20bn, according to the Securities Supervisory Board, a government agency. The total value of foreign investment this year is now more than Won50bn.

Brokers and foreign investors complain that the procedure for investment is still far from smooth. "The technical side of things is proving complex and frustrating," says Jardine's Mr Smiley. He cites frequent failures of the computer system, which co-ordinates orders and executions, and complex tax requirements as some of the bigger problems.

Most of the foreign investors who are enduring the teething trouble of liberalisation are long-standing players in Korean Euromarket instruments and have a commitment to the Korean market. "What we have seen so far is a lot of buying pressure from Korea enthusiasts," says one broker in Seoul.

As this initial demand is satisfied, the pressure of foreign buying is likely to recede. "I do not think we will see really substantial foreign investment until the economic fundamentals improve," says one analyst. With domestic interest rates continuing to be very high, and with Korean exporters still having difficulties in overseas markets, this may take a while.

March plan for Kuwait

KUWAIT'S stock exchange, shut down since Iraq's 1990 invasion, will probably reopen in March, Reuter reports.

Economists say that other measures to revive trading, including giving foreigners access, could limit falls in some pre-war share prices to between 10 and 20 per cent.

Mr Hisham al-Otaibi, the director-general of the bourse, said officials were awaiting audited financial reports from the 56 companies which were listed prior to the invasion.

He expected the government to buy about $20bn of domestic bad debt from commercial banks and investment firms to boost confidence, and to provide support for shares in banks, the bourse's most active sector.

Kuwait's exchange, once the liveliest in the Gulf, had an annual turnover of around $3bn before its closure.

SOUTH AFRICA

CONTINUED demand for blue chips drove the Johannesburg all-share index to a new peak of 3,587, up 57. The industrial index climbed 67 to 4,376, a whisker off its record high of 4,378. The all-gold index rose 26 to 1,225.

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World Indices as at DECEMBER 31 1991 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter.
The percentage change for each Dollar index value since the end of the calendar year is also provided.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	Market capitalisation as at DECEMBER 31 1991 (US$m)	% of World Index	Market capitalisation as at SEPTEMBER 30, 1991 (US$m)	% of World Index	% change in $ index since DECEMBER 31 1990
Australia (69)	108210.8	1.41	106398.1	1.44	+27.78
Austria (20)	11709.6	0.15	12497.8	0.17	−15.31
Belgium (47)	52652.3	0.69	46739.7	0.63	+9.17
Canada (115)	148201.5	1.93	146034.8	1.98	+4.82
Denmark (37)	31447.1	0.41	29888.5	0.40	+14.84
Finland (15)	1597.1	0.02	1778.0	0.02	−24.98
France (109)	243054.8	3.17	230215.7	3.12	+14.19
Germany (65)	265861.1	3.47	248766.0	3.37	+4.85
Hong Kong (55)	88544.7	1.15	82222.3	1.11	+44.78
Ireland (18)	10326.2	0.13	9958.7	0.13	+13.08
Italy (77)	103415.3	1.35	99638.5	1.35	−3.72
Japan (474)	2358345.4	30.76	2370319.6	32.11	+8.86
Malaysia (68)	30448.9	0.40	28354.7	0.38	+0.96
Mexico (17)	37621.3	0.49	31390.8	0.43	+138.03
Netherland (31)	113058.7	1.47	103438.2	1.40	+14.05
New Zealand (14)	11538.0	0.15	11625.2	0.16	+8.23
Norway (28)	7462.4	0.10	8458.6	0.11	−12.47
Singapore (38)	23841.9	0.31	20827.8	0.28	+37.93
South Africa (61)	96811.1	1.26	93766.3	1.27	+38.09
Spain (53)	86123.6	1.12	86461.7	1.17	+11.46
Sweden (25)	25948.5	0.34	27207.2	0.37	+13.60
Switzerland (59)	116829.8	1.52	108891.7	1.48	+12.88
United Kingdom (235)	793559.1	10.35	790939.0	10.71	+11.87
USA (525)	2900655.7	37.83	2686181.9	36.39	+27.43
Europe (819)	1863045.6	24.30	1804871.3	24.45	+9.78
Nordic (105)	66455.1	0.87	67330.3	0.91	+9.58
Pacific Basin (718)	2620929.7	34.18	2619537.7	35.49	+10.48
Euro − Pacific (1537)	4483975.3	58.48	4424409.0	59.94	+10.08
North America (640)	3048857.2	39.77	2832216.7	38.37	+26.11
Europe Ex. UK (584)	1069486.5	13.95	1013932.3	13.74	+8.34
Pacific Ex. Japan (244)	262584.2	3.42	249218.1	3.38	+29.53
World Ex. US (1730)	4766409.3	62.17	4695600.9	63.61	+10.70
World Ex. UK (2020)	6873505.8	89.65	6590843.6	89.29	+17.18
World Ex. So. Af. (2194)	7570453.9	98.74	7288016.6	98.73	+16.34
World Ex. Japan (1781)	5308719.5	69.24	5011463.2	67.89	+20.30
The World Index (2255)	7667065.0	100.00	7381782.8	100.00	+16.53

EUROPE

Bérégovoy boosts Paris by 2.7%

FRANCE took the spotlight yesterday following comments from the Finance Minister Mr Pierre Bérégovoy, *writes Our Markets Staff.*

PARIS rose 2.7 per cent after Mr Bérégovoy said that the government planned to encourage long-term savings, either through company pension funds or personal equity plans. He also said that he was considering further exemptions from the bourse turnover tax.

The CAC 40 index rose 48.22 to 1,833.86 in heavy turnover of FFr4.2bn. Goldman Sachs was reported to have been an active buyer over the past two days.

Peugeot jumped FFr27 to FFr657 on a favourable newspaper report, though analysts said that it did not reveal anything new. The auto components maker, Valeo, gained FFr38 to FFr615 while its main shareholder, Cerus, surged 14.2 per cent or FFr13.70 to FFr109.90.

The insurers continued to climb, with UAP up FFr35 at FFr540 and GAN rising FFr45 to FFr1,560.

Weak oil prices pushed Elf down by FFr13 to FFr364.50 in the day's heaviest volume of 744,000 shares but the refiner, Total, rose FFr17 to FFr1,019.

FRANKFURT heard that a pay offer to steelworkers – 4 per cent for seven months and 5.3 per cent for the next five – had been rejected. But talk, originating in London, of a new offer of a little over 5 per cent pushed bund futures higher and steel shares went with them, led by Thyssen which rose DM8.50 to DM210.

Deutsche Babcock enlivened the engineering sector with a DM7.40 rise to DM156.40, leaving the shares 18.6 per cent higher this year against a gain of less than 1 per cent for the DAX index in the same period. A new management and better-than-expected profits last year were listed by Mr Horst-Kaspar Greven in Düsseldorf as Merck Finck's reasons for recommending the shares.

The DAX index closed 11.03 higher at 1,589.76 after a 2.07 rise to 645.33 in the FAZ at midsession. Volume rose from DM4.1bn to DM4.7bn. Among retailers Kaufhof rose DM18 to DM448 and Asko by DM15.20 to DM627; but Douglas fell DM14 to DM628 when it indicated that a 17 per cent rise in 1991 sales would not bring a commensurate increase in profits.

MILAN rose for the fourth day in good trading, with both foreign and domestic investors seen buying. The Comit index added 6.56 to 523.52 in turnover estimated at L90bn after Wednesday's L73.5bn.

Fiat rose L108 to L4,928, though analysts were bemused by the rise. Industry data released yesterday showed a 12 per cent fall in Fiat's share of the Italian car market last year. Fiat is due to report its 1991 results on January 22.

ZURICH rose 1.9 per cent, the Crédit Suisse index closing 8.6 per cent higher at 462.1, on signs of lower interest rates. MADRID matched this on strong overseas buying, the general index ending 4.83 to the good at 253.21. AMSTERDAM also rose 1.9 per cent on hopes for lower interest rates. The CBS Tendency index rose 2.20 to 115.6.

Nordic rallies included a STOCKHOLM gain of 1.9 per cent as the Affärsvariden General index rose 17.8 to 946.2 on leaks from the government budget proposals due today, one of 1.5 per cent in HELSINKI with the Hex index put on 12.28 to 811.90, and 1.2 per cent in OSLO with the all-share 5.08 higher at 429.54.

FT-SE Eurotrack 100 - Jan 9

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1087.78	1088.75	1091.22	1092.62	1093.00	1096.65	1097.61	1100.02

Day's High 1100.34 Day's Low 1087.72

Jan 8	Jan 7	Jan 6	Jan 3	Jan 2
1080.21	1086.06	1092.05	1087.01	1078.19

Base value 1000 (26/10/90).

ASIA PACIFIC

Nikkei rises on late index-linked buying

Tokyo

INDEX-RELATED buying linked to the expiration of January options prompted a rebound in the Nikkei average in the final hour of trading, *writes Neil Weinberg in Tokyo.*

The Nikkei closed 398.64 up at 23,113.64. The finish was just off the day's high of 23,114.54 while the low was 22,544.34. First section volume slipped to 170m shares from 192m.

Although the Nikkei was higher, declines led advances by 479 to 459, with 162 issues unchanged. The Topix index of all first section stocks gained 6.02 to 1,699.41 but in London the ISE/Nikkei 50 index lost 5.89 at 1,277.32.

The market saw early bargain hunting after Wednesday's 3.6 per cent Nikkei drop, but it retreated later on a fall in stock index futures prices. The Nikkei then surged 372 points in the last hour on arbitrage-related buying.

Automakers, banks and brokerages were among the day's losers. Honda weakened Y60 to Y1,420 on a downward revision of its earnings forecast for the year to end-March, while Industrial Bank of Japan declined Y110 to Y3,100.

On the positive side were credit and leasing companies, food groups and insurers. Ajinomoto rose Y30 to Y1,420 and Tokio Marine Y30 to Y1,300.

Many of the factors which have supported share prices in recent sessions, including the yen's gains against the dollar and lower interest rates, have been discounted and investors are now biding their time in the absence of fresh news, dealers said.

In view of the market's lack of direction, there was relatively heavy trading in smaller capitalised issues and speculative shares. Nippon Piston Ring, a component in the Nikkei average, climbed Y100 to Y766 and Nippon Carbon Y140 to Y2,070 on strong turnover.

In Osaka, the OSE average dipped 84.91 to 24,031.66 on volume of 26.4m shares. Ono Pharmaceutical fell Y120 to Y4,720.

Roundup

TRADING IN the rest of the region was mostly light, influenced by local factors.

TAIWAN finished higher, spurred by the central bank's widely expected cut in its rediscount rate. The weighted index closed 30.90 ahead at 4,803.51. Turnover was T$38.4bn, against T$42.2bn.

HONG KONG closed marginally lower. The Hang Seng index eased 3.13 to finish at 4,334. Turnover contracted to HK$1.44bn, from HK$1.66bn. China Light moved forward 60 cents to HK$24.10 on news of an agreement with the government to allow it to report some of its profits from electricity sales to China.

SEOUL recovered from early weakness to close higher. The composite stock index added 11.26 at 637.11 on turnover of Won340bn.

Listed subsidiaries of the Hyundai Group fell by their daily limits for the third successive day, because of lingering worries over credit. The group and its main banker have denied rumours that it is facing a politically motivated credit freeze.

AUSTRALIA ended slightly easier. The All Ordinaries index softened 1.4 to 1662.0. Newly listed West Australian Newspapers closed at A$1.70, a 70 per cent premium to the offer price. It also topped the volume list with more than 15.3m shares traded. A total of 113.4m shares worth A$244.6m changed hands.

MANILA consolidated for the second day after recent upward moves. The composite index receded 19.30 to 1,208.09. The index set a 25-month high of 1,241.48 on Tuesday.

NEW ZEALAND rose modestly, but low turnover exaggerated price gains. The NZSE-40 Index ended 9.23 firmer at 1,519.56.

Fay, Richwhite & Co rose 10 cents to 92 cents. The stock has climbed 51 per cent in the last six sessions. Interest in the stock appeared to be linked to publicity surrounding New Zealand's challenge for the America's Cup yachting contest, starting soon in California. Sir Michael Fay, one of the partners of a controlling stake in Fay Richwhite, heads the consortium challenging for the Cup.

BANGKOK was supported by aggressive buying of Bangkok Bank shares, which jumped Bt34 to Bt520, with Bt1.19bn worth changing hands, one-quarter of turnover. The SET index put on 1.74 to 725.70 in turnover of Bt4.19bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 8 1992								TUESDAY JANUARY 7 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	151.25	−0.3	119.78	119.36	119.13	132.79	−0.3	4.18	151.64	120.07	119.20	119.80	133.19	160.31	112.74	113.10
Austria (20)	170.08	−0.6	134.70	134.23	133.96	134.01	−0.8	2.15	171.15	135.51	134.54	135.21	135.07	222.37	153.86	183.18
Belgium (47)	144.51	−0.4	114.45	114.04	113.82	111.19	−0.4	5.33	145.11	114.89	114.05	114.63	111.65	151.20	118.04	126.88
Canada (115)	137.55	−0.2	108.94	108.56	108.33	113.85	−0.1	3.23	137.87	109.16	108.37	108.91	114.01	144.28	126.49	126.83
Denmark (37)	272.82	−0.4	216.07	215.31	214.88	218.46	−0.8	1.64	273.94	216.90	215.33	216.41	220.20	273.94	217.74	223.42
Finland (15)	82.61	+1.1	65.43	65.20	65.07	71.42	+1.0	3.41	81.71	64.69	64.23	64.55	70.70	125.15	73.32	93.33
France (109)	151.93	+0.4	120.32	119.89	119.65	123.33	+0.1	3.59	151.34	119.82	118.95	119.54	123.21	152.33	119.11	132.26
Germany (65)	118.08	−0.6	93.52	93.20	93.01	93.01	−0.9	2.46	118.77	94.04	93.37	93.82	93.82	125.35	94.15	108.44
Hong Kong (55)	178.34	−0.4	141.24	140.74	140.47	177.67	−0.3	4.19	179.04	141.76	140.73	141.44	178.21	179.04	119.62	122.17
Ireland (18)	169.29	−0.8	134.08	133.61	133.34	136.04	−1.0	3.69	170.68	135.14	134.17	134.84	137.47	182.46	132.88	141.96
Italy (77)	77.13	+0.7	61.09	60.87	60.75	66.01	+0.5	3.51	76.58	60.63	60.19	60.49	65.65	88.23	64.76	75.97
Japan (474)	134.10	−3.7	106.20	105.83	105.63	105.83	−3.3	0.80	139.20	110.22	109.42	109.98	109.42	146.97	118.23	122.29
Malaysia (68)	215.20	−0.3	170.43	169.83	169.50	224.07	−0.3	2.92	215.94	170.98	169.73	170.58	224.80	247.78	189.18	199.68
Mexico (18)	1419.90	+0.7	1124.54	1120.58	1118.36	4769.90	+0.7	1.09	1410.26	1116.60	1108.52	1114.09	4737.51	1419.90	534.45	584.42
Netherland (31)	153.63	−0.3	121.67	121.24	121.01	119.69	−0.6	4.51	154.14	122.04	121.16	121.77	120.37	155.45	125.70	132.19
New Zealand (14)	47.58	−0.6	37.68	37.55	37.48	45.93	+0.0	5.98	47.86	37.90	37.63	37.81	45.93	54.64	41.18	42.08
Norway (25)	184.41	−1.1	146.05	145.54	145.25	149.30	−1.3	1.74	186.44	147.62	146.55	147.29	151.33	223.24	157.06	182.72
Singapore (38)	223.14	−0.2	176.73	176.11	175.76	168.74	−0.2	2.09	223.53	176.98	175.70	176.58	167.08	223.53	151.83	156.71
South Africa (61)	258.14	+1.1	204.44	203.72	203.32	177.71	+1.1	2.77	255.43	202.24	200.77	201.78	175.85	271.99	173.00	181.17
Spain (52)	157.91	+0.9	125.06	124.62	124.37	115.56	+0.7	4.77	156.54	123.95	123.05	123.67	114.74	171.12	131.51	141.23
Sweden (25)	183.96	+0.1	145.69	145.18	144.90	150.53	−0.2	2.96	183.85	145.57	144.52	145.24	150.78	204.12	146.60	151.20
Switzerland (59)	102.29	−0.5	81.01	80.73	80.58	85.88	−0.5	2.33	102.85	81.44	80.85	81.26	86.06	103.50	82.17	86.77
United Kingdom (234)	183.86	−0.7	145.62	145.09	144.81	145.62	−0.6	5.11	185.10	146.56	145.49	146.22	146.56	187.44	156.27	163.96
USA (523)	170.57	+0.3	135.09	134.62	134.36	170.57	+0.3	2.85	170.13	134.70	133.73	134.40	170.13	170.69	125.95	125.95
Europe (814)	148.15	−0.3	117.33	116.92	116.69	117.68	−0.4	4.08	148.62	117.67	116.82	117.41	118.19	151.52	125.50	132.37
Nordic (102)	187.64	−0.3	148.61	148.09	147.79	146.53	−0.6	2.21	188.15	148.97	147.89	148.63	147.36	200.81	155.55	159.49
Pacific Basin (718)	135.67	−3.3	107.45	107.07	106.86	108.59	−3.0	1.12	140.35	111.12	110.32	110.88	111.93	145.92	117.86	121.62
Euro−Pacific (1532)	140.98	−2.1	111.65	111.25	111.03	112.99	−1.9	2.37	143.99	114.01	113.17	113.74	115.22	147.88	121.29	126.33
North America (638)	168.47	+0.2	133.43	132.97	132.72	168.70	+0.2	2.87	168.07	133.08	132.13	132.80	166.30	168.57	125.91	125.91
Europe Ex. UK (580)	126.56	−0.1	100.23	99.90	99.70	101.56	−0.3	3.34	126.64	100.27	99.56	100.06	101.84	129.80	103.58	113.15
Pacific Ex. Japan (244)	151.15	−0.3	119.71	119.30	119.06	135.45	−0.3	3.93	151.64	120.06	119.21	119.80	135.83	153.19	111.40	112.96
World Ex. US (1726)	142.91	−2.0	113.18	112.79	112.57	114.84	−1.8	2.39	145.75	115.40	114.57	115.15	116.94	148.16	122.32	127.14
World Ex. UK (2015)	148.04	−1.2	117.25	116.84	116.62	130.69	−1.1	2.28	149.80	118.61	117.75	118.35	132.04	150.58	120.06	122.00
World Ex. So. Af. (2188)	150.47	−1.1	119.17	118.76	118.52	131.66	−1.1	2.58	152.22	120.52	119.66	120.26	133.07	153.05	122.92	125.39
World Ex. Japan (1775)	161.62	+0.0	128.00	127.56	127.32	146.64	+0.0	3.34	161.57	127.93	127.01	127.66	146.85	161.90	126.69	128.76
The World Index (2249)	151.17	−1.1	119.72	119.31	119.08	132.09	−1.0	2.57	152.88	121.05	120.18	120.78	133.45	153.70	123.28	125.73

Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: How the best laid plans of top management are bedevilled by political forces

The numbing effects of visible responsibility

If the Jobs column could have anything it wished for its 19th birthday today, the choice would be the luck to run across as many realistic books about management as it did last year. In all, there were two of them.

Mind you, neither was exactly hot off the presses. Indeed, the first (which I wrote about 17 weeks back) was published as long ago as 1958, being called The Boss in Britain but The Managers in the United States. It pointed out that management is not so much an economic exercise as a political one, in which the power-wielders' personal ambitions may well clash with the best interests of the organisations they rule over.

The second book, which takes the same theme farther, is at least recent enough for 1991 to have seen its first appearance in paperback. The work of Sweden's Professor Nils Brunsson, it is entitled The Organisation of Hypocrisy.*

Its central message is that – in big, complex organisations at any rate – politicking is not only inevitable, but as resistant to cure as original sin. Hence management is a process best undertaken in a spirit of Christian hope, rather than in any expectation that it will ever work very well here on earth. What's more, Brunsson suggests that trying to make it do so by installing sophisticated systems beloved by business schools, is apt merely to compound the problem.

That book too has already been discussed here, 15 weeks ago. But on re-reading it since, I have twigged that several of its general truths can be distilled into a further addition to the Laws of Organisational Stupidity, of which the Jobs column has for nine years been the self-appointed codifier.

As enduring readers may recall, those laws aren't of the inviolable kind exemplified by the law of gravity. What they describe are simply regularities: events observed to happen more often than not in given circumstances. The original one, for instance, is Parkinson's First: *Work expands to fill the time available.* Accordingly, not only can they be broken, but when they are *the effects are usually beneficial.*

The latest addition, bringing the number to 23, reads: *Willingness to impose control declines as visible responsibility for the results increases.* And the book's clearest illustration of its workings is in connection with probably the most time-honoured of the aforesaid sophisticated systems: namely, budgeting. Although the particular exercise the professor cites took place in a Swedish local authority, I've little doubt that the budgeting rituals of big businesses are often prey to the same bedevilling forces.

The fact that the event occurred in a recession is important because *it is only in such conditions that* the new law – "Brunsson's Turner" – applies. At buoyant times, the general managers at the top rarely need to *impose* control. Availability of extra funds for expansion, albeit never as much as the subordinate department heads would like, is usually enough to persuade them and their staff to co-operate with their superiors' policies.

In the Swedish case, recession gave point to the pledge which got the authority's new top bosses elected. It was to cancel the outgoing council's plans for increases to taxes already among the highest in the land. The promise was not to reduce taxes, but only to hold them steady instead of upping them by 0.75 per cent, which was ordained as the minimum increase necessary by the authority's five-year plan.

The first idea of the tax-freezing bosses, whom the professor calls "guardians", was to make uniform percentage cuts for the next fiscal year in the planned income of the departments providing the various services. It would be up to the departments' heads, called the "champions", to decide how the *detailed savings were to be made.*

But the champions objected that, as departments were not all the same, a uniform cut would affect them differently to the extent of preventing some from operating properly. So, since it was the guardians' duty to see the services worked, they should decide the specific cuts.

The blackmailing overtones of that claim were enough to lever the guardians into concurrence. They therefore began scrutinising the details of expenditure, relying for specialised advice on the fellow-guardians they had appointed to head the committees of officials running the services concerned. Whereupon there came into play three of the bedevilling forces mentioned earlier, the first being epitomised by Alexander Pope's line: "A little learning is a dang'rous thing".

As Nils Brunsson says: "The different levels of knowledge as between guardians and champions is a typical aspect of budget processes. The guardians are all too likely to have just the amount of knowledge that makes savings difficult. *If you know nothing about an* operation, you can easily convince yourself there must be plenty of scope for saving, and if you know a lot about it you have a good chance of seeing concrete opportunities for saving; but if you just know a little bit, it is more difficult to see how savings can be made."

The next bedevilling force lay in the fact that the committee heads, although appointed by the top management team of which they were members, still had personal ambitions. That made them loth to see the services they were heading reduced in importance. Hence they began to side less with their fellow-guardians than with the champions in their particular departments, using such specialised knowledge as they'd been able to pick up accordingly.

The third force was that the officials running the various services, being aware that a chain is as strong as its weakest link, declined to help the top bosses to identify sensible economies not just in their own domains but in any of the other services. So the guardians, already weakened by a fifth *column in their own* ranks, were also faced by a united front.

The only savings proposed to them from below were of a sort involving them in heavy risk of being visibly responsible for breakdown. Moreover, the officials added a subtle touch by suggesting that if their superiors were reluctant to decide for themselves, they should take advice from the organisation's treasury department.

That brought into play a fourth force because the treasury officials, while operating independently of the champions in the spending departments, were not in favour of savings that would cut future income. Their interest was in garnering as much cash as feasible for the corporate kitty – which is why the professor calls them the "hoarders".

Trapped in the concatenation of all four forces, the guardians were confronted by a dilemma. Their only way of doing the job they had been put in to do as a team – namely, to impose a standstill on expenditure – was by jeopardising their individual ambitions.

There are no prizes for guessing the outcome. The pledge to hold costs was abandoned, and taxes for the coming year were increased. But the rise was only 0.5 per cent, compared with the 0.75 envisaged by the *previous* regime. That enabled the guardians to take advantage of the general tendency to mistake plans for reality, and represent the increase as an 0.25 per cent reduction. So they did not do too badly out of the exercise.

While the champions were also fairly satisfied with it, of course, the group who gained most from it were the hoarders. Nils Brunsson says that when the budgeted year was actually over, the financial accounts showed a surplus of more than £1m – enough not just to have held taxes steady as originally promised, but to have cut them by a full percentage point.

Michael Dixon

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A FAST GROWING MERCHANT BANK IN NIGERIA invites applications from candidates with extensive experience in corporate banking internationally. Experience in Africa is preferable but not essential. Applicants must have excellent university level academic background with a degree in Banking, Finance, Economics or related field. Your experience will have given exposure to Money & Capital Markets financing, Debt Securitization, Mergers & Acquisitions and Multinational Project Financing.

Our compensation package is competitive and negotiable.

Your detailed CV should reach Kaye Tessler & Co, 86 West Green Road, London N15 not later than January 20, 1992.

INVESTMENT BANKING
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A boutique mergers and acquisitions firm, specializing in the media, communications and entertainment industries, is seeking a Managing Director for its London based affiliate.

This position requires an individual with significant experience in originating, structuring and closing transactions, specifically within the European media industry. The qualified candidate will have several years of experience in working with top European media firms. The qualified candidate should also have extensive knowledge of the U.K. banking community. The individual must have a working knowledge of American accounting principles. Securities Exchange Commission regulations and U.S. law as it pertains to mergers and acquisitions. Fluency in at least one additional language, preferably French, is a requirement. Substantial travel required.

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European Treasury Manager

A challenging new treasury appointment with a major PLC

c£38,000 equivalent — Belgium

Our client is a dynamic UK PLC engaged in the international distribution and processing of fresh food. It has major and fast-growing operations in Continental Europe.

In order to develop closer treasury control and management of the Group's European businesses the new position of European Treasury Manager has been created, based at the regional headquarters in Antwerp. The key tasks of this function will be to analyse in depth the cash management and risk exposure characteristics of these businesses, and to develop and manage systems and techniques to achieve substantial cost savings. This will require close collaboration and detailed discussion with operating management and local banks. In addition there will be a certain amount of work requiring an overall Group perspective.

As the successful candidate you are likely to be in your late 20s or early 30s and a graduate Chartered Accountant with treasury-related experience in a comparable organisation. Practical treasury experience in Europe, and working knowledge of European languages would be useful. Analytical and inter-personal skills are essential, together with a creative approach and the ability to work effectively without detailed guidance and support.

An attractive salary will be supplemented by a full range of benefits and, where appropriate, relocation costs will be reimbursed. Career opportunities in the Group are excellent. If you wish to be considered for this appointment please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin Ref. 7211, MSL Group Limited, 32 Aybrook Street, London W1M 3JL. Tel: 071-487 5000.

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ALCAN

Internal Audit Manager

A Senior Role with a Market Leader

Following a promotion, a vacancy exists for an Internal Audit professional for this substantial manufacturing company, the UK subsidiary of a major multinational. British Alcan Aluminium plc is engaged in the production and distribution of aluminium and chemicals products, operates on some 30 works locations throughout Great Britain and employs approximately 9000 people. Turnover in 1990 was over $800 million.

The Internal Audit Manager will manage a team of audit specialists who are regularly assigned to operating centres throughout the country. Their duties are to ensure that units are conforming to agreed practices and procedures, to monitor performance against objectives and to assess the adequacy of internal controls.

The position reports to the Director of Finance and is based at the UK headquarters near Gerrards Cross in Buckinghamshire. Regular travel, mainly within the UK, is required.

Candidates should be qualified Chartered or Certified Accountants with considerable internal audit experience, preferably gained in a large manufacturing company. They should also possess experience of managing and motivating professional staff, excellent inter-personal skills and the ability to communicate effectively with all levels.

An attractive and progressive salary will be offered and the usual large company benefits are available. A company car is provided.

Please write with full details, and quoting reference AB/294, to Tony Butcher, MSL Advertising, Recruitment Resources, 32 Aybrook Street, London W1M 3JL. Tel: 071-487 5000.

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GROUP FINANCIAL DIRECTOR/ COMPANY SECRETARY

Surrey — £42,000 + Bonus + Benefits

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The position of Group Financial Director and Company Secretary would suit an FCA or FCCA who is used to operating at main board level, has a proven track record in Financial and Management accounting and is fully conversant with all procedures relating to public companies.

Applicants should be at least 35 years old and able to demonstrate that they have sufficient experience and associated commercial skills ideally gained in medium sized engineering companies.

For further information please contact Accountancy Personnel, 2nd Floor, Pearl Assurance House, High Street, Woking, Surrey GU2 1YJ.
Tel No: 0483 757774.

Accountancy Personnel — Hays

Financial Controller

Telford Up To £35,000 + Car + Bonus + Share Options

Our client is a market leader in the manufacture of materials for the FMCG sector. Entrepreneurial in style with a heavy emphasis on effective teamwork, the company wishes to appoint a Financial Controller to take a frontline role in a small management team responsible for the day-to-day control and direction of the company.

As the senior financial manager in Europe, you will be engaged in tasks ranging from effective management reporting to the analysis and evaluation of company performance and profitability.

Flexible and team orientated in outlook, you will have the necessary technical skills to make a significant input to the general management of the company.

If you are a qualified accountant with manufacturing industry experience gained in a small to medium sized organisation, we would like to hear from you. An ability to speak German or French would be advantageous, though not essential.

Please write, with full career and salary details, quoting reference B/357/91, to Steven French. Previous applicants need not apply.

KPMG Executive Selection

KPMG Peat Marwick, Peat House, 2 Cornwall Street, Birmingham B3 2DL.

Stowe School
Buckingham

Appointment of FINANCE DIRECTOR/ BURSAR

The Governors wish to appoint a Finance Director/Bursar to succeed the present Bursar who is retiring on 31st December 1992.

The person appointed should have proven administrative ability and substantial experience of financial management. He or she is likely to be aged over 40.

Full particulars of the appointment and a form of application may be obtained from the Secretary to the Governors, c/o The Allied Schools, 42 South Bar Street, Banbury, Oxon. OX16 9XL (Telephone 0295-256441). Closing date for applications: Wednesday, 5th February 1992.

ACCOUNTANCY COLUMN

Turning over a new leaf to reveal vital statistics

By Andrew Jack

IT IS still not too late for a final New Year resolution. As the festive excesses fade, the first accountancy column of 1992 offers a chance for certain influential readers to turn over a new leaf and respond to growing pressure to expose one of their most vital statistics.

There is still time for action during the current year. The larger UK accountancy firms collaborate each spring to reveal several useful and comparable figures on their financial performance for the year to March 31, which are published in early summer.

They show fee income, broken down by the increasingly diverse divisions within each firm: audit, management consultancy, insolvency and so on. It is also normally possible to gather figures for the number of partners and salaried staff for the period.

But one crucial figure is always missing: the level of profit. Inside each firm, few salaried staff have accurate information on the money taken home by their partners. Outside the profession, an even smaller number can do no more than guess.

A handful of the firms with more open attitudes do provide data for internal consumption. Some headhunters – and staff recruiters within the different firms – can make calculated guesses from the declared income of job seekers. Most others, including accountants' clients and the general public, are left in ignorance.

The absence of a profit figure makes it impossible to arrive at any realistic estimate of financial performance for the firms, several of which are big businesses by any standard. The highest-earning firm, Coopers & Lybrand Deloitte, declared fee income last year of £588m.

The potential ambiguity from fee income alone is arguably greater than ever this year. Revenues may have continued to rise for most of the top 20 firms during 1991 in spite of the recession. But without a profit figure, there is no way of calculating elements like the cost of buildings and other overheads, the contribution to income from firms that were acquired or merged, and the amount generated by discounting on fees to win new business, all significant factors.

Mr Ian Brindle, senior partner at Price Waterhouse, sees no justification for disclosure. He asserts that partnerships are privately-owned bodies which are not legally obliged to reveal profits, so there is no reason why they should.

The Institute of Chartered Accountants in England and Wales has no official policy on the subject. "It is a proprietary matter for firms themselves," says Mr Henry Gold, technical director.

"Some people no doubt find it a little ironic that at the same time as accountants are championing full disclosure in their client companies, they are not revealing their own profits," he says. "But the difference is easily explained by the law."

Yet there *are* moves for reform. Privately, a number of the senior partners in accountancy firms state that they would be willing to release profit information under certain conditions.

In the late 1970s, Arthur Andersen did produce worldwide accounts, including figures on average partner earnings, which were even audited by a large competitor. But the practice was discontinued within two years, partly, it appears, because of embarrassment about the large sums earned by the partners.

The issue remains potent for Andersen, which had more than 14 staff to each partner in the UK last year (more than any of the other large firms) and hence fewer people with whom to share the profits.

"Practices are very wary of letting staff know what their partners earn," says Mr Patrick Porter, manager of the public practice division at Robert Half, a recruitment firm. "Accountancy is quite well paid, but the differential between partners' earnings and staff salaries is quite large."

'Some people find it a little ironic that at the same time as accountants are championing full disclosure in their client companies, they are not revealing their own profits'

"Everybody would find it helpful if they were disclosed," he adds. "It would let us know which practices are doing well and are appropriate to do business with." But he concedes that it might make partnerships more vulnerable to negative publicity and even takeover fears.

The accountancy firms say that revealing profits would lead to misinterpretation. Partnership "profits" are deceptively large, because – unlike company directors' remuneration – they reflect the reward for owning and holding unlimited liability in the business, and compensate for benefits not offered by the firms such as pension contributions.

In consequence, most firms say they will only publish profits figures if their competitors do the same, so that fairer comparisons can be made. Some stretch that to include other forms of partnership, most notably surveyors and law firms.

In fact, the *American Lawyer* magazine began publishing an annual table of US law partnership revenues and profits in 1985. It is now widely accepted and used within the profession.

Mr Steven Brill, editor and publisher, says: "There was initial hostility, but now firms strive to co-operate. Our biggest problem is too much co-operation – some of the figures look fudged."

He argues that the tables offer law firms, clients and job-hunters valuable market information to show how to assess their rivals. He believes the comparisons have been used extensively as a benchmark by some competing firms which scrutinise each others' costs and profits.

"In any free market there is some good to be had from the free flow of information," he says. "The firms are such large institutions, employing so many people and consulted so widely that the value of this information is quite high."

In contrast, Mr Nigel Stapleton, finance director of Reed International and chairman of the technical committee of the 100 Group of finance directors of leading companies, says he is not aware of strong calls for greater disclosure by accountants in the UK.

"Profit per partner would not be sufficient information to judge the performance of a firm," he says. "You would need to measure the ability of a partner to come up with extra capital if required. That involves levels of personal disclosure which we could not expect."

Nevertheless, he does welcome the amendment to the Companies Act introduced last year which will force publication of non-audit fees charged to a company by its auditors. He believes reliance on an individual client is the issue most likely to threaten the survival or independence of an accountancy firm.

Others argue that the existing levels of fee income declared each year may be suspect, since disclosure is voluntary and the figures are not audited. There are fears that a single additional statistic on profits could be equally unreliable.

"Personally I'm quite relaxed about it," says Mr Nick Land, London managing partner for Ernst & Young. "I don't feel defensive about my income – as long as everyone else publishes their profits so we are not giving away competitive advantage, and the figures are comparable."

He acknowledges that pressure is likely to grow with the perception that the large accountancy firms are changing from partnerships into large corporate entities with responsibilities to reveal more information.

A final thought: If accountants were to disclose their profits this year, it is likely that at least some would be embarrassed by partners' losses rather than largesse. But at least they would have a low base from which to increase profits over the coming decade.

GHANA c £30,000 "NET" + EXPATRIATE BENEFITS

Finance Manager

This is an excellent opportunity to be involved in a young and fast developing commercial operation in Ghana. The company, a member of an international group, is engaged in manufacturing and marketing vegetable oils, foods and packaging operations for which products and brandnames are already well established.

Reporting to an expatriate General Manager, you will be a member of the local management team, specifically responsible for the efficient financial management and accounting of the subsidiary companies in Ghana. With a small staff you will be expected to develop a thoroughly commercial accounts department to include the production of sound management information and adherence to strict budgetary and cost controls and cash management disciplines. Future prospects for promotion are good.

You must be a qualified accountant with some 3 years' post-qualification experience in a financial management role, ideally in an FMCG or industrial environment. PC literacy and a knowledge of accounting packages are essential. Based in Accra, the initial contract is for two years and the remuneration will be paid "net of local tax" and largely "offshore".

Please send full personal and career details, including daytime telephone number, in confidence, to Christopher Haworth, Coopers & Lybrand Deloitte Executive Resourcing Limited, 76 Shoe Lane, London EC4A 3JB quoting reference CH885 on both envelope and letter.

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EAST ANGLIA c £35,000 + CAR

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This £80 million container transport company is a leader in the competitive short sea market to Europe. It operates extremely profitably on a pan-European basis from subsidiaries throughout the continent.

As Financial Controller and Company Secretary you will report to the Finance Director. Your responsibilities will include consolidations and group reporting, computerised costing, insurance, tax and the accounts of the European subsidiaries. The company utilises sophisticated systems providing central accounting for the operating businesses.

A qualified accountant, probably in your mid 30s, you will be used to working in a heavily systemised environment and have positive strengths in that area. Your experience, which ideally will have been gained in transportation or manufacturing companies, should include hands-on roles in operating business. Any experience of European accounting could be an advantage whilst the ability to manage in a fast moving, pressurised business is essential.

The salary indicator should not deter exceptional candidates from applying.

Please send full career and personal details in confidence to John Elliott, at Coopers & Lybrand Deloitte Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT, quoting reference JE217 on both envelope and letter.

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ROBERT HALF Financial Recruitment Specialists — **FINANCIAL TIMES** EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A FREE BUSINESS BREAKFAST

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IN LONDON ON
WEDNESDAY 5TH FEBRUARY 1992
AT THE MERIDIAN HOTEL
21 PICCADILLY, LONDON, W1
AT 8.15AM TO 9.30AM

IN SLOUGH ON
TUESDAY 11TH FEBRUARY 1992
AT THE HOLIDAY INN
DITTON ROAD, LANGLEY, SLOUGH
AT 8.15AM TO 9.30AM

IN BRISTOL ON
WEDNESDAY 26TH FEBRUARY 1992
AT THE GRAND HOTEL
BROAD STREET
BRISTOL
AT 8.15AM TO 9.30AM

IN SOUTHAMPTON ON
FRIDAY 6TH MARCH 1992
AT THE HILTON NATIONAL
BRACKEN PLACE, CHILWORTH
SOUTHAMPTON
AT 8.15AM TO 9.30AM

IN BIRMINGHAM ON
TUESDAY 24TH MARCH 1992
AT THE BOTANICAL GARDENS
WESTBOURNE ROAD, EDGBASTON
AT 8.00AM TO 9.15AM

The Breakfast briefing will be given by Roy Brighton, a Director of Time Manager International. He suggests that good organisation performance in a recession is achieved by two routes:-

- Traditional "Hard" issues
- Attitudes, culture and innovation

He will examine the areas managers and directors must also manage:-

- Costs and Cash
- Concentration on core business
- Changes in the game plan
- Communication
- Celebration

Roy Brighton will present some forward looking ideas not only to help in a recession, but also to set strategies for the future.

Roy Brighton is a Director of Time Manager International; perhaps the world's best-known training organisation recognised in 35 countries for its range of personal and corporate development programmes.

An Accountant by profession, he became one of the two founder members of the company in 1979 with his main responsibilities encompassing TMI's sales, marketing and public relations functions.

Before joining the company, he worked for 15 years within the computer industry having previously worked as Revenue Accountant with the British Transport Commission.

Roy Brighton regularly lectures both in the UK and abroad.

(Places at the breakfasts are strictly limited)

If you wish to attend any of the Free Business Breakfasts, please write to your nearest office at the address below.

London: Rachelle Nelson at Robert Half, Freepost, Walter House, 418 The Strand, London, WC2R OBR. Telephone: 071-836 3545.
Slough: Susan Platt at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks, SL4 1YY. Telephone: 0753 857777.
Bristol: Jackie Brossington at Robert Half, Freepost, 33 Wine Street, Bristol, BS1 2QX. Telephone: 0272 252572.
Southampton: Louise Taylor at Robert Half, Freepost, 6 The Carronades, New Road, Southampton, SO9 1BG. Telephone: 0703 233131.
Birmingham: Elaine Baker at Robert Half, Freepost BM2460, 63 Temple Row, Birmingham B2 4BR. Telephone: 021-643 1663.

UK Financial Controller

East Anglia

£40,000 package + fully expensed car

Our client is a highly successful group of companies in the healthcare sector, part of a leading multi-national. To realise the wealth of opportunities present in the UK market, the group has developed a long-term business strategy with financial management playing a leading role.

Reporting to the Finance Director, there is a major contribution to be made by the Controller in the broad commercial growth of the UK businesses. An initial project is the enhancement of financial systems to accommodate their future ambitions and medium term plans. Raising the profile of financial management as an influence in business decisions is also seen as a priority.

The scope of this appointment is enormous, offering the potential to pursue a fast track career in the UK and beyond – into Europe or the US parent group. Strong leadership and influencing skills are vital, as is the personal confidence to build effective working relationships with UK and international management.

The successful candidate (CA, aged 30-35) must be able to demonstrate exceptional accounting ability, business flair and the mobility necessary to expand this role in the foreseeable future.

Full relocation assistance is available.

Reply in confidence to:
Jeff Adcock or Stephen Williams,
Clark Whitehill Consultants Limited,
25 New Street Square, London, EC4A 3LN.
Telephone 071 353 1577, Fax 071 353 0525.

CLARK WHITEHILL
Search and Selection

City Chartered Accountants (medium sized)

require partner-designate. Candidate must be experienced, as a general practitioner, work with minimal supervision on a breadth of clients, the majority of which are the larger private companies. He should have commercial awareness. The practice is expanding, has eleven partners and was established in 1914. Ideal age 30-45 years.

Write Box A431, Financial Times, One Southwark Bridge, London SE1 9HL

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Your success in this dynamic audit department is likely to lead, after a period of about two years, to your promotion either within the department or into a front line management role in banking, operations or finance.

During this period you will gain an in-depth appreciation of the banking operations in the UK and overseas, covering a wide range of banking products, operational processing and related computer system development.

These opportunities for audit managers have arisen as a result of recent promotions which are in line with the policy that the audit department is an ideal point of entry into the business for high calibre accountants.

If you are looking for a move which offers wide experience and career development please send or fax your CV in confidence to Heather Thomas quoting reference C/1219. Applications will be forwarded direct to our client. Please list those organisations to whom your details should not be submitted.

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London
EC2Y 9PB
Telephone: 071-939 6341
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FINANCE DIRECTOR

East of England

c. £35,000 plus car and bonus

■ This company manufactures a range of components for industrial customers at home and overseas. A member of one of the UK's most successful and expanding organisations, it is a market leader in its field, and has a first class reputation for product design, quality and delivery.

■ The Finance Director will be very much involved in the strategic development of the business as well as the management of the company's financial systems and structures, which are continually developing.

■ You should be qualified, and should have held a position of substantial seniority in a manufacturing business. A sound understanding of the broader aspects of running a company is essential.

■ This is a key post in a highly successful company; prospects for further advancement within the group are excellent.

■ **Please send your CV to Charles Theaker, Theaker Monro & Newman, Wrens Court, 60 Victoria Road, Sutton Coldfield, West Midlands, B72 1SY (Tel: 021 355 8868), quoting reference 4195.**

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Reporting to the Financial Director, the Financial Controller will, inter alia, be responsible for all operational treasury matters including cash management, risk minimisation, arranging credit lines for outlying operations, documentary credits and all banking relationships. There will also be accounting responsibility for certain business areas. International travel will be necessary.

The position calls for an ambitious qualified accountant, probably aged 25-35 with treasury and more specifically trade finance experience gained in an international environmental. Must be capable of working effectively as part of a small highly motivated team. Familiarity with computerised systems is essential and personal qualities must include first class communication skills, an analytical mind and a flexible approach.

Please write with C.V. and current salary to Box A430,
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- Tax returns

The successful individual must have strong interpersonal skills, flexibility, proven leadership ability and be self motivated. Fluency in Dutch and English is essential in this stimulating environment. In return an excellent salary and benefits package are offered along with further opportunities within the Group.

For further information, interested applicants should telephone Jacques Police on 071-379 3333, or write to him, enclosing details at Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP. (Fax 071-915 8714)

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C. £40,000 PACKAGE + BONUS

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The Role: Responsible to the managing partner for all financial functions, you will head the central administrative team and liaise with partners and senior management in the main and associated practices in 8 U.K. and 2 Far East offices.

Qualifications: A Chartered Accountant (35+) you will be a self-starter with excellent communication skills and the ability to advise senior management on financial strategy. Previous experience in a design practice or the construction industry is desirable, but not essential. Experience of computerised accounting systems is a pre-requisite.

Please reply with full C.V. to Ian Newton, Percy Thomas Partnership, 10 Cathedral Road, Cardiff, CF1 9YF

SOUTHERN ELECTRIC EASTERN ELECTRICITY

Accelerate your career with the new force in electrical retailing

The two largest regional electricity companies, Eastern Electricity and Southern Electric are merging their retailing and appliance servicing operations to create a major force in electrical retailing. The new company will have some 230 retail outlets and 340,000 square feet of selling space stretching across the South and East of England with a turnover of over £170 million.

The company is looking for ambitious qualified accountants, to join the management team, preferably with multiple outlet retail experience, used to a fast moving culture where the financial disciplines are tightly focused upon costs and margins. Reporting to the Finance Director, and based in a new headquarters in the Milton Keynes area, openings now exist for:

Head of Management Accounting

c.£35,000 plus car

Responsible for a team of four accountants, your primary tasks will be the introduction of an effective management accounting function across the company's operations, creating systems and key indicators capable of analysing all aspects of the company's performance and the provision of appropriate budgeting, forecasting and project based resources to meet all likely requirements of a fast moving and expanding retail business Ref:H/1225/FT.

Head of Financial Accounting

c.£35,000 plus car

Responsible for around eighteen staff, your primary tasks will revolve around the creation and integration of a new financial accounts team, the installation of new 4GL financial and general ledger systems, and the efficient and orderly functioning of a head office corporate financial function capable of meeting the critical deadlines of a fast paced retail environment. Ref:H/1226/FT.

The new culture that is being deliberately encouraged within this venture offers exciting opportunities for ambitious retail orientated accountants who want to be at the forefront of a business that is determined to "buck the trend". Flexibility and the autonomy to develop a separate culture from the parent companies are indicative of the scale of the commitment that is being made in the creation of this new business. Consequently, *it offers excellent prospects for career progression.*

If you feel you have the necessary qualifications and experience to make a successful contribution to either of the above roles, write in confidence with full CV indicating which position you are interested in and quoting the appropriate reference to Hamish Davidson, or alternatively, phone for an informal discussion. Executive Selection Division, Price Waterhouse Management Consultants, Milton Gate, 1 Moor Lane, London EC2Y 9PB. Tel: 071-939 6312 Fax: 071-638 1358

Price Waterhouse

EXECUTIVE SELECTION

Price Waterhouse

EXECUTIVE SELECTION

Financial Controller

circa £30,000 + car + relocation Bristol area

A wholly owned subsidiary of a US Corporation, our client is a profitable manufacturer of chemicals and one of the two main players in its field in the UK. The company has continued to grow throughout the recent recession, supplying a number of major international customers.

A Financial Controller is required to take responsibility for financial, secretarial and legal affairs. Reporting to the General Manager and to the headquarters of the european operation, the position forms part of a small and 'hands-on' management team. In addition to traditional accounting and reporting duties, the Financial Controller will also be responsible for managing treasury requirements, upgrading computer systems, and all aspects of a busy finance department.

Ideally CIMA qualified, you will have gained a good understanding of internal reporting, procedures and controls in a group environment. You will have been involved in systems specification and implementation and will be confident in managing change. Familiarity with GAAP requirements, pension administration and basic treasury management would be advantageous. Unlikely to be aged below 30, you will combine maturity and responsibility with a proactive approach and a willingness to 'get your hands dirty'.

Please write, quoting reference MCS/8932 and enclosing a CV and salary details to:
Mark Hartshorne
Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
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B3 2JB

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To apply, you will be a young, successful and qualified accountant with at least 3 years post qualification practical and management experience. You should be highly motivated, computer literate with a systems bias and capable of performing within a strong demanding management team. Excellent leadership and interpersonal skills are essential.

This appointment offers an outstanding career opportunity for an enthusiastic commercial accountant. If you think you can meet the challenge, please send your detailed CV to our consultant Carole Fletcher at Buckingham Personnel, 19/21 Chapel Street, Marlow, Bucks, SL7 3HN. Tel: 0628 891289, Fax: 0628 891155.

SYMANTEC.

Touche Ross

FINANCE MANAGER

Central London c.£35,000

Our clients are a rapidly expanding international conglomerate specialising in engineering, construction, property development and architectural design. They were founded in Japan over 150 years ago and have established a world wide reputation. They have been operating in the UK for five years.

As a direct result of their substantial growth within the UK sector, they have identified the need for an experienced and competent Finance Manager. He or she will be expected to take full responsibility for the UK company's financial and management accounting function. Reporting directly to the European Financial Controller, the Finance Manager will be responsible for a small accounts team, although growth within this area is anticipated in the near future.

Candidates must be qualified accountants aged between 30 and 40, ideally with experience within the construction or property development sector. Computer literacy combined with strong diplomatic and management skills are essential requisites for this interesting and challenging position.

The ability to grow and develop in line with the company's anticipated growth will be a major criterion in the selection process.

Please send a comprehensive résumé, salary details and a daytime telephone number, quoting reference 3222, to Vivienne Hines, Touche Ross Executive Selection.

MANAGEMENT CONSULTANTS 1st Floor, Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 071 936 3000.

Head of Audit

Bedfordshire

c. £35,000 + car

A major player in their specialised leisure business, my client is part of a £1.2bn organisation. This UK company has an annual sales turnover approaching £500m and operates from 17 UK locations. Following a reorganisation and the development of complex financial control systems to meet the needs of the business, this new appointment is being made to implement a systems based audit approach and to improve utilisation of audit resources.

Reporting to the Financial Director, you and your team will be responsible for all financial audit operations. Working with senior management, the emphasis of your role will be the provision of a modern audit service using sophisticated systems based audit tools. Critical to your success will be your ability to ensure that audit is seen as a quality service which adds value to the organisation.

Probably aged under 40, you will be qualified and have at least 5 years' experience in a professional audit function. With an excellent working knowledge of sophisticated audit tools, you must have management and interpersonal skills which will enable you to establish credibility and work successfully with senior management across the business. You must also be free to travel in the UK and abroad as required.

Success in this demanding role will be rewarded by an excellent remuneration package and career progression opportunities. To apply, please write, quoting reference number MD2905, enclosing a full CV with salary details to Tony Clarke, Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, Herts. SG14 1PU. Telephone: (0992) 552552.

Macmillan Davies

SEARCH & SELECTION

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

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le quotidien de l'économie le plus important en France. Une annonce dans la rubrique "Offres d'Emploi Internationales" dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos le mardi et dans le Financial Times le mercredi (le vendredi dans l'Edition Internationale du Financial Times). Pour de plus amples renseignements, veuillez contacter:
STEPHANIE COX-FREEMAN 071 873 4027

COMPANY ACCOUNTANT

The BonusPrint Group of companies requires a qualified accountant to be based at Borehamwood, Herts. The prime role is to take control of all aspects relating to the accounting and administration of the subsidiaries' operations.

The successful candidate will offer the following attributes:

- strong commercial orientation
- previous industrial experience, preferably including retail
- mature approach to problem resolution
- computer literacy
- good communication skills

Remuneration will be up to £27500 plus car

To apply please send a full C.V. and covering letter to:

J R Barrow, Financial Controller,
BonusPrint Ltd.
Stirling Way, Borehamwood, Herts, WD6 2AZ.

GROUP FINANCIAL CONTROLLER

LONDON AGE PROFILE 30-40 CIRCA £55,000 + CAR + BENEFITS

With an outstanding reputation for innovation and project management, our client is a leader in one of the world's most competitive business areas.

Its UK headquarters continues to develop as a function of the constantly changing business environment and as a result an experienced Group Financial Controller is required to manage the UK accounting function.

As an integral part of the senior management team you will report directly to the Finance Director and assume responsibility for a staff in excess of twenty-five.

The successful applicant will be a qualified accountant with commercial experience gained ideally within the property field. In addition to excellent technical ability, you must possess outstanding management and interpersonal skills as you will be liaising with senior individuals both within and outside the organisation. A hands-on approach to problem solving is a pre-requisite of this challenging role.

To discuss this exceptional opportunity further, contact Graham King or Giles Daubeney on 071-379 3333 or send a detailed CV to **Robert Walters Associates, 25 Bedford Street, London WC2 9HP.** (fax 071-915 8714)

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS ANTWERP AMSTERDAM

Finance Director

Thames Valley c£45,000 + Bonus + Car + Banking Benefits

Our client, a subsidiary of a major Finance House, is a substantial player in the field of Asset Finance. The Thames Valley based subsidiary is engaged in the supply of medium ticket tax based leasing products, principally through sales finance programmes with major suppliers.

Following an internal promotion they now require a Finance Director to continue the company's progression as it expands. The role encompasses responsibility for the full finance function, control of data processing and contract administration. Key early tasks will be to conclude the review of the specialist leasing systems and the management reporting routines, with a view to satisfying future business and information needs.

Reporting to the Managing Director and functionally to the Group Finance Director, the job holder is responsible for 30 staff.

The candidate will be a graduate qualified accountant, aged 35-45, with extensive experience gained in a leasing related or similar environment. Commercially strong, the individual will have highly developed negotiating skills and strategic long term planning experience. In addition, the candidate will have had exposure to treasury, data processing and high level credit control. With strong man-management and interpersonal skills the candidate will be an achiever at both strategic and tactical levels.

If you believe you meet the criteria to deliver in this demanding environment, please apply enclosing a curriculum vitae to: **Oliver Howl BSc ACA, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST. Please quote reference OH 127.**

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

BBC TELEVISION

Head of Finance and Systems
Studio Production Resources

West London *c.£35k plus relocation*

Studio Production Resources is a £60m business and the BBC's major provider of studio facilities, employing c.1000 highly skilled staff.

The introduction during 1992 of Producer Choice will allow programme makers to seek competitive tenders for staff and studio facilities. The ability of Studio Production Resources to attract and retain business will be vital in securing it's success in this new and challenging environment.

A key position in the achievement of this aim will be the new appointment of a Head of Finance and Systems. Directly accountable to the Head of Studio Production Resources, you will contribute to policy formulation, be the financial controller of the operation and play an active part in the management team through the provision of strong financial leadership.

Key responsibilities will include:

- *The production and critical review of* routine and ad hoc management and financial information.
- The further development of planning, forecasting and budgeting procedures.
- The enhancement of computer based financial and management reporting information systems.

The successful candidate will be professionally qualified and have several years experience gained in a progressive large commercial environment, ideally within the service sector. The ability to demonstrate a high level of commitment, gain credibility and successfully manage change will be essential to a successful appointment.

Interested applicants should send their Curriculum Vitae to: **Teresa Stimpson, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

WORKING FOR EQUALITY OF OPPORTUNITY

Finance Director

Northants c£40,000 + Car + Benefits

Based in rural Northamptonshire, our client is a key division of a rapidly growing PLC, engaged in design and build work for high street retailers, with markets expanding both at home and abroad.

They are now looking for a Finance Director to assume full responsibility for both finance and systems departments and to liaise actively between group and subsidiary in the ongoing expansion of the division.

The position carries responsibility for ten staff and reports operationally to the Managing Director and functionally to the Group Finance Director. In addition to developing management and group reporting, improving credit control and costing systems, the position involves financial planning and budgetting and the development of formal strategic goals. Improvements in productivity and profitability will be achieved by working closely with production to accurately predict activity levels, and much ad hoc work including acquisition related matters is anticipated.

The successful candidate will be a graduate qualified accountant, aged 30-35, with industrial experience to include one or all of; manufacturing, retail and distribution. He/she will have a first class business acumen, strong long term planning and modelling skills and good practical systems development experience, both in accounting and manufacture. Assertive, willing and capable of originating and implementing change he/she *will nevertheless maintain strong working relationships.*

If you have the drive and desire necessary to succeed and progress within this expansionist culture, then apply enclosing a curriculum vitae to **Oliver Howl BSc ACA, Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST. Please quote reference OH 128.**

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Price Waterhouse

EXECUTIVE SELECTION

Two challenging opportunities have arisen to join a major international group. Expansion in the UK and Europe now requires the setting up of an Internal Audit function and the appointment of two key personnel.

Senior Manager - Internal Audit

£50,000 - £55,000 + excellent benefits London

Working closely with the Group Finance Director, you will be responsible for establishing the function and *developing a proactive approach to reporting on existing* operations and planning for future growth.

A qualified accountant, you will have substantial experience of auditing, together with management responsibility within the profession and/or industry.

You will be able to demonstrate a record of achievement and may already have been involved in setting up an *Internal Audit* function.

Your ability to generate immediate personal authority with senior management throughout the group is essential as are strong communication and leadership skills. Reference F/1227.

Computer Audit Specialist

£40,000 - £45,000 + excellent benefits London

Acting as the Number 2 to the Senior Manager — Internal Audit, you will be responsible for establishing and controlling the EDP audit aspects within Internal Audit. You will develop EDP audit methodologies and policies and *take charge of large and complex EDP audit assignments.*

You will have a Computer Science degree and/or relevant professional qualification together with a number of years' experience in computer auditing. Ideally you will be a qualified accountant.

You will work well in a team environment and be able *to establish personal credibility* with senior management. Reference F/1228.

Candidates interested in applying for one of these new and challenging roles should write immediately, enclosing full career details and quoting the appropriate reference number to Heather Thomas at: Executive Selection Division, Price Waterhouse, Management Consultants, Milton Gate, 1 Moor Lane, London EC2Y 9PB.

Finance Director

South West £40,000 + Bonus + Car

Our client is a £20 million plus turnover subsidiary of one of the UK's leading industrial groups. The company has multi-site operations and is engaged in a highly competitive, fast moving, manufacturing sector. Internal promotion has created the requirement for a high calibre financial manager to join the executive team.

The successful applicant will be responsible to the Managing Director for all areas of financial management and control, including:

- Participation in the development and implementation of business plans to achieve the company's objectives.
- Production of consolidated information, statutory accounts and divisional taxation computations for both local management and group use.
- Compilation of budgets, cash and profit forecasts.
- Appraisal of all major capital projects including the evaluation of potential acquisition targets.

He/she will also be expected to contribute to the successful commercial development of the business.

Candidates, aged 35-45, should be 'Top 6' qualified Chartered Accountants, with a demonstrable track record of achievement in a commercially demanding manufacturing environment. Strong interpersonal skills, a high level of business acumen and the ability to work accurately to tight deadlines are essential prerequisites. Career development opportunities within the group will be substantial.

Interested applicants should forward a comprehensive curriculum vitae, quoting **ref: 3026** to **Paul Toner at Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL. Tel: 0272 276509.**

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

MULTINATIONAL FORCE & OBSERVERS

ACCOUNTANT - £22,000 TAX FREE
SINAI, EGYPT
MULTINATIONAL FORCE AND OBSERVERS

ENTHUSIASTIC, SELF MOTIVATED INDIVIDUAL WITH 3-5 YEARS EXPERIENCE IN BOTH FINANCIAL AND MANAGEMENT ACCOUNTING AND PC SKILLS IS NEEDED FOR THE FINANCE DEPARTMENT OF THE MULTINATIONAL FORCE AND OBSERVERS, AN INTERNATIONAL PEACEKEEPING FORCE IN THE SINAI DESERT. CANDIDATES SHOULD BE PART OR RECENTLY QUALIFIED, AGE 25+.

TWO YEAR, RENEWABLE, SINGLE STATUS PACKAGE (INCLUDES HOUSING, MEALS & EXCELLENT SPORTS FACILITIES). SEND C.V. BY EXPRESS POST TO:

CHIEF OF PERSONNEL
MULTINATIONAL FORCE & OBSERVERS
AMERICAN EMBASSY/MFO
PSC 59 BOX 100
APO AE 09624
USA

OR BY FAX MFO HEADQUARTERS IN ROME ITALY - 396-592-0692

MFO REGRETS IT CANNOT RESPOND TO ALL APPLICANTS

Finance Director

A £70m turnover Plc, my client has recently undergone a major restructuring exercise and has returned to profitability. They now seek a Finance Director to assume responsibilities at Group level and co-ordinate the financial activities of subsidiary companies.

This is a main Board appointment which includes acting as Company Secretary and demands a thorough knowledge of Plc operations. You will have good City connections and experience enabling you to support the Chairman and Chief Executive in formulating and implementing growth strategies. Your excellent inter-personal skills will enable you to convince the Board and investors of the soundness of your proposals. You will have a key role in the general management of the Group but with particular emphasis on enhancing the computerised control and management systems.

Talented, Chartered Accountants with broad commercial experience at senior levels in Plc operations are invited to apply by writing with full CV details, and quoting ref. **MD2725** to **Clive Morris, Macmillan Davies Consultants, Colston Centre, Colston Street, Bristol, BS1 4UX.**

Oxfordshire

c.£55,000

Senior Executive benefits and share options

Macmillan Davies

SEARCH & SELECTION

GRADUATE CHARTERED ACCOUNTANT

City ***c. £35,000 + Car + Banking Benefits***

Capital Markets

The investment banking arm of this major world bank, one of the international securities market's leading players, is offering an outstanding opportunity for a high-calibre graduate chartered accountant.

Supervising a small team, you will provide essential financial support to the company's capital market activities and be responsible for guaranteeing the smooth flow of management information, ensuring that statutory requirements are met. This will necessitate a 'hands-on' approach to problem-solving and the keen desire to undertake ad hoc assignment work when required.

An ambitious individual in your late 20's, with strong interpersonal skills and a positive approach, this will prove to be an ideal second career step after qualification. Applicants will need to demonstrate proven experience of banking or capital markets and a detailed understanding of their related products.

This high-profile role combines recognition and opportunity with an impressive salary and benefits package which will prove no object to the right individual.

Write with full CV and daytime telephone number to Patrick Donnelly quoting ref: FT/090.

PD Consultants, 314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 071-828 2273.

Regional Financial Controller

Poland c. US$65,000+generous benefits

* Leisure/Entertainment

* Exciting New Venture

An American backed investment programme in Eastern Europe, has resulted in an exceptional opportunity to play an influential part in the development of one of its projects.

Cable Television is an emerging industry in Poland and this company is at the forefront in developing technology and bringing Western expertise to the media business.

A Financial Controller is now required for the first regional development to define and implement a financial structure which will reflect the demands of the new Group. The position, based in Gdansk, reports to the Regional Operations Managerand essential criteria include an accounting qualification, significant staff management skills and experience of financial management, budgeting and systems implementation. A commitment of at least two to three years is required.

Language skills are not essential but individuals must have the maturity and strength of character to initiate change and to succeed in a business that is both culturally and commercially challenging.

Please forward CVs to Pippa Curtis or Liz Osborne at Doublas Llambias Associates Limited, 410 Strand, London WC2R 0NS, or telephone on 071-836 9501, quoting reference: FT9192.

EDINBURGH 031-225 7744
GLASGOW 041-226 3101

DOUGLAS LLAMBIAS

LONDON 071-836 9501
MANCHESTER 061-236 1553

RECRUITMENT CONSULTANTS

FINANCE DIRECTOR

Birmingham **Salary: c.£30,000**

Non contributory pension • Relocation assistance

Groundwork is a network of charitable companies which are regenerating the environment by harnessing the resources and skills of the whole community. Groundwork is now 10 years old and entering a new and exciting expansion phase. It needs committed and dynamic people who are keen to work in partnership with the public, private and voluntary sectors to bring about positive and sustainable change.

The Finance Director will play a pivotal role in ensuring that Groundwork's financial systems and practices keep pace with the planned growth.

This role at the centre of the network demands the highest level of interpersonal skills, backed up by authoritative technical leadership. Applicants in their mid to late 30's should possess a recognised professional accountancy qualification and be able to demonstrate a first class track record, including familiarity with the development and refinement of microcomputer based accounting information systems.

The successful candidate will probably be seeking a career move which will require the exercise of initiative in a very demanding accounting environment that includes best practice procedures from both public and private sectors.

To apply please write with CV quoting reference 91808D to: Clare Stronge, P-E International plc, Park House, Wick Road, Egham, Surrey TW20 0HW.

GROUNDWORK

FINANCE DIRECTOR

East London **c .£45,000 + car**

Stanton is a well established manufacturing company predominantly supplying components to the automotive industry, with an operational turnover of £13 million and 300 employees. We are a subsidiary of The Laird Group Plc.

The Finance Director will be responsible for accounting, secretarial, IT, and purchase department.

Candidates must be team players and have extensive financial experience within manufacturing. They should also be capable of developing financial systems and controls within a high growth environment.

The employment package includes a fully expensed car, pension, and BUPA.

Please send your career and personal details to: Ray Lander, Company Personnel Manager, Stanton Rubber and Plastics Ltd, Ordell Road, Bow, London E3 2DS.

Stanton
Stanton Rubber & Plastics Ltd EXCELLENCE THROUGH TEAMWORK

SPECIAL PROJECTS AND CONSULTANCY

Banking **to £35k + car + bank bens**

This City Merchant Bank is recognised as a major force and leader in a wide range of products and activities. Innovative in approach, it now seeks an Accountant to join its Corporate Audit department.

Working on a project basis, using a risk-based approach, the role concentrates on the Bank's Stockbroking and Fund Management interests, necessitating experience of UK stockbroking and securities settlement practices. Responding to requests and demands from top level management for project work as well as audits, you will be given considerable autonomy and scope whilst reporting directly to the Chief Internal Auditor.

Applicants must be Qualified Accountants or Bankers with an audit background and two years post-qualification experience. Ideally aged between 27 and 32 years, you should offer a first class track record, excellent communication and presentation skills and an energetic and outgoing style.

The role offers considerable development potential and the opportunity to work within an innovative, professional and elite team.

Interested applicants should contact us on 071 721 7283, or during the evenings and weekends on 081 890 1910. Alternatively send or fax your CV to:

ALDERWICK McLINTOCK

SEARCH & SELECTION
SUITE 303, BLACKFRIARS FOUNDRY,
156 BLACKFRIARS ROAD, LONDON SE1 8EN
TELEPHONE: 071-721 7283 FACSIMILE: 071-721 7288

Financial Manager

A key appointment with outstanding prospects

Circa £35,000

Car

MBO Prospect

Sussex

Our client, a leading FMCG distributor with depots throughout the U.K., is employee controlled and plans to continue to grow its billion pound business. The Company now wishes to recruit an ambitious accountant as deputy to the Financial Director.

The prime task of the manager initially will be to gain an in depth knowledge of the Company's operations and administrative procedures, which will include a review of the Company's management information systems and overhead cost structure.

Thereafter the manager will be expected to demonstrate the ability to manage all aspects of the Company's most senior financial position and make a positive contribution to the group of managers identified to succeed the current directorate.

Applicants, qualified accountants under 45 years old, should have the ability to command the respect of senior managers, the desire to be fully involved in the business and its motivation of people, excellent communication skills, a hands on approach and the ambition, determination and tenacity required to achieve positive results. Candidates should justify promotion to the Board within approximately two years and this could lead to participation in an MBO as a key member of the management team.

Please write in confidence with full career and salary details quoting ref 104 to **John Hills, Curzon Selection and Search, Shottermill Ponds, Haslemere, Surrey GU27 3RB.**

CURZON Selection and Search

NORWEB plc

Computer Audit Manager

up to £40,000 + car + benefits - step up to senior financial management

By any standards, NORWEB is a very large business indeed with an annual turnover in excess of £1billion and over 2 million customers to take care of daily. Our operation is complex and diversified and demands sound financial management.

We are now seeking an ambitious, computer literate professional who is a qualified accountant to play a key role in helping us to achieve this objective.

Reporting to our Chief Internal Auditor, you will manage a team involved in systems audits, implementation reviews, computer installation security reviews and other ad-hoc assignments, in addition to contributing to strategic audit planning. Helping us to fully develop CAATS is also a major challenge.

The right person should be able to demonstrate a successful track record of financial management within a large company, allied to substantial experience of modern computer audit techniques.

As the role is perceived as a stepping stone into senior financial management, you'll also be expected to possess drive, initiative and good communication skills. Ideally candidates should already be earning a salary in excess of £30,000 pa.

In return, we'll offer a highly attractive package including company car and a generous range of benefits. Assistance with relocation can be provided where appropriate.

Please send a detailed CV to the Personnel Director and Company Secretary, NORWEB plc, Talbot Road, Manchester M16 0HQ quoting reference: 91/188 on the envelope by Friday 24 January 1992.

Equal consideration will be given to all applicants irrespective of sex, race, creed or disability.

NORWEB
POWER BEHIND THE NORTH WEST

Head of *Finance*

Making IT into a business

£34,667 – £42,870

The IT Division of the Inland Revenue is being formed into an Executive Office to be run on sound business principles. This involves considerable change in management approach, and the appointment of a qualified Head of Finance is an important first step.

Based in Telford or London, the successful applicant will ideally have held a senior financial position in a large, geographically spread commercial organisation, and have worked as a member of an executive team to achieve significant change in the financial and management culture of the business.

The IT organisation is a leader in Government computing. It has 2,800 staff and an annual budget in excess of £200 million. New financial procedures and systems are needed to meet the requirements of the Government's Next Steps programme.

This position will provide a stimulating and demanding challenge for a committed and experienced financial accountant.

For further details and an application form (to be returned by 31st January 1992) write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hants RG21 1JB or telephone Basingstoke (0256) 468551 (normal office hours). Please quote ref: C/92/1243.

The Civil Service is an equal opportunity employer.

INLAND REVENUE

EALING TERTIARY COLLEGE

HEAD OF FINANCE

Applications are sought for the new post of Head of Finance for Ealing Tertiary College. The College, which is likely to be an independent body in April 1993, will enjoy a gross revenue budget of 13 million pounds and will be located on at least four major centres based at Acton, Ealing Green, Norwood Hall and Southall.

Applicants should be able to demonstrate:
* *Qualified Accountancy status.*
* *Strategic financial responsibility in either the commercial or public sector.*
* *Ability to establish a new finance function with appropriate levels of control.*
* *Ability to develop financial procedures.*

Candidates will need to possess high levels of interpersonal and communication skills and will be competent in using commercial software.

Salary

The salary will be negotiable (currently £19,455 - £44,703) and in addition a performance related pay supplement at a maximum rate of 7.5% of the annual basic rate will be payable, to be reviewed, in the context of criteria determined by the governing body. London weighting will be paid at a rate of £1,641.

Applications

Applicants must complete an application form and write a detailed letter explaining how they can make a distinctive contribution to the new college.

The closing date for receipt of applications for the above post is Wednesday 29 January 1992.

For an application form and further particulars, please write to: Ian Wallis, Principal Designate (Ref: ETC/IW), Ealing Green Centre, c/o Ealing Green High School, The Green, Ealing W5 5EW. Or telephone: 081-758 8215.

Ealing
Education Service

Finance and Planning Manager

London Area — To £35,000 + Car + Bonus

Our client, a leading UK plc, is seeking a proactive accountant for a key financial position within a developing business unit. This particular department will play a crucial role in shaping the Company's business objectives and will therefore relocate to corporate headquarters, along the M4 corridor, in mid-1993.

As the senior financial representative in the management team, the Finance and Planning Manager will co-ordinate accounting and business planning activities for the unit and provide financial support to the key decision makers, ultimately at corporate level. Responsibilities will include the implementation of appropriate financial controls and the motivation of a small team of staff who cover budgeting, project costing, monthly accounts preparation and various administrative activities.

Candidates should be commercially astute accountants with 2 to 5 years' post qualification experience and must demonstrate an awareness of financial management issues, possess proven supervisory skills and be computer literate. Essential attributes will include an innovative and imaginative approach to accounting concepts and the interpersonal skills required to establish credibility with colleagues at all levels.

Please write, in confidence, enclosing career details with day and home contact numbers to Tim Knight, quoting reference TCK/12.

KPMG Selection & Search
2-3 Dorset Rise, Blackfriars, London EC4Y 8AE

An International construction company is currently seeking for one of its international activity a

Finance and Administration Manager

Asia — **Motivating Salary**

Reporting to the Projet Manager you will have responsability for the full range of administration finance, accounting, legal and control functions of the company. Leading and motivating your team you will have contacts within the group and all external advisors.

A group in a period of strong growth offers genuine possibilities for career development.

Aged 30/45 years and with a strong educational background, you have at least three years of experience in a similar environment you are bi-lingual, english and french.

Interested candidates should contact **Jean Kerckhove, Michael Page International**, 30 bis rue Spontini 75116 PARIS FRANCE, tel + (33-1) 45.53.26.26 (réf. JK7735FT).

MP
Michael Page International
L.B.W.

FINANCIAL CONTROLLER

Central London — To £35,000 + car

This new appointment offers exceptional opportunities to a young qualified accountant who combines strong technical skills with commercial awareness. Our manufacturing clients are a £15m+ turnover plc and an accepted leader in their mature and somewhat specialised market. Board level changes, including the appointment of a new Finance Director, have led to a policy of growth based on a strategy of carefully targetted acquisitions into activities related to their core business. The Financial Controller will work closely with the Finance Director, initially integrating companies as they are acquired and in due course will become responsible for co-ordinating the local finance functions throughout the Group. Applicants should have had exposure to the smaller company culture either directly in industry of from a managerial level within the profession. Age indicator – around 30. Ref: 1731/FT.

Send CV (with current salary and daytime telephone number) or write or 'phone for an application form to R A Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 071 493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

Portfolio

2 Group Accountants

Buckinghamshire — to £30,000+car

* ACA or CIMA
* Bluechip plc
* Excellent Career Prospects

A major retail and distribution plc is keen to appoint 2 qualified accountants into the Group finance team. A newly qualified ACA will handle Group reporting, liaising with subsidiaries and Head Office Management. A CIMA with 2/3 years PQE will interpret and present management information and upgrade the systems. Candidates with a lively character will flourish within an excellent corporate culture.

Please forward CVs to Peter Green at Douglas Llambias Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference FT9192/A.

Senior Financial Accountant

Home Counties — to £30,000+car

* Qualified Accountant
* Age up to 30
* Oil Experience Preferred

This is an opportunity to join a bluechip company in a high profile financial accounting role. The vacancy has arisen in the upstream division of this major company and candidates ought to have had oil company experience. They should also be qualified, with 1 year to 18 months PQE and have the ability to develop their commercial skills in an international company. This is an excellent opportunity to join a successful team with a long term future.

Please forward CVs to Stephen Hackett at Douglas Llambias Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference FT9192/B.

Financial Reporting & Analysis

West End — £30,000+car

* Highly successful
* Retail
* Growth

This international retail group specialising in fashion for all ages is undergoing a programme of growth in both the UK and Europe. They currently require a qualified accountant to look after the budgets, forecasts and performance analysis, and to oversee the general accounts department. You will have a retail background, be highly PC literate and have a strong, commercial approach.

Please forward CVs to Liz Osborne at Douglas Llambias Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference FT9192/C.

Newly Qualified Accountant

City — £26,000

* ACA or ACCA
* Growing Company
* Varied Role

This large plc with diverse interests in leisure and financial services is seeking a Group Accountant. The role will encompass both financial and management accounting with emphasis on the commercial aspects. The candidates should be recently qualified with good analytical skills and a "hands on" approach.

Please forward CVs to Deborah Sherry at Douglas Llambias Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference FT9192/D.

Product Management Accountant

City — c. £30,000 +banking benefits

* Prestigious Merchant Bank
* Broad Business Exposure
* ACA/ACCA + 2 years' PQE

This leading financial institution has a requirement for a divisional accountant to take financial responsibility for its niche businesses, including Capital Markets, Asset Trading, Money Broking, Development Capital and Property Finance. Providing a full management reporting service across the divisions, the role encompasses detailed analysis of trading positions, Bank of England and Board reporting, and the maximisation of MIS reporting potential. In addition, the position will involve responsibility for establishing financial procedures for new businesses, and extensive liaison with senior management.

The successful candidate will be a graduate and qualified accountant with highly developed technical and interpersonal skills and up to two years' experience of the financial services sector, preferably in banking. Management skills and a project orientation are also desirable qualities.

Please forward CVs to Joe Thomas at Douglas Llambias Associates, 410 Strand, London WC2R 0NS, or telephone 071 836 9501, quoting reference FT9192/E.

EDINBURGH 031-225 7744
GLASGOW 041-226 3101
LONDON 071-836 9501
MANCHESTER 061-236 1553

DLA
DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

Financial Controller

Warwickshire — **Up to £33,000 (including Performance Related Pay)**

Our client is a non-departmental public funded body recently formed in response to the Government's programme to rationalise horticulture research and development. Its activities include undertaking research and development work for several Government Departments as well as for industry, grower-funded bodies and international agencies. The main administrative centre for the organisation is based in Warwickshire, with research activities being carried out at seven sites throughout the UK.

The position of Financial Controller is critical to the new organisation. The position will have prime responsibility for establishing and maintaining effective and efficient accounting procedures; preparing all management and statutory accounts; advising management on strategic and operational financial matters. The successful candidate will report directly to the Company Secretary.

The qualifications required include: qualified accountant with sound financial and commercial acumen, ideally aged 30 - 45, considerable "hands on" management expertise, a knowledge of computerised systems, experience of working within a similar environment would be advantageous, plus a mature disposition and innovative approach to problem solving. Relocation assistance may be available.

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